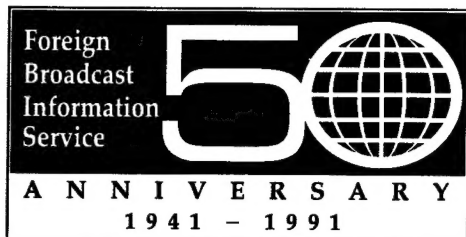


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Economic Affairs

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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

More Currency Reforms Predicted

914A0522A Moscow KOMMERSANT in Russian No 7,
11-18 Feb 91 p 2

[Article by Boris Konstantinov: "Monetary Reform: Is It Now Clear What Comes Next?"]

[Text] The events of last week afforded serious grounds for supposing that the exchange of large-denomination notes was, as KOMMERSANT forecast (see No. 54), only the government's first step in reforming cash turnover and noncash turnover. KOMMERSANT experts surmised that there were two main versions of development of the reform. The events of last week permit with a large degree of probability the assumption that the government opted, in accordance with the experts' forecasts, for one of these versions. An analysis of events makes it possible to forecast with a certain degree of certainty the further development of the reform and, accordingly, the government decisions that will be adopted in this connection.

The Government Has Chosen

Following the announcement of the exchange of large-denomination notes, the majority of specialists agreed that this action was only the start of a large-scale reform of money turnover. It was obvious that monetary reform would continue inasmuch as it would otherwise have obvious most severe consequences.

It was unclear, however, what precisely the continuation of the reform would be. KOMMERSANT experts forecast (see No. 54) that two versions of the further development of events were possible.

The essence of the first amounted to the exchange of large-denomination notes immediately being followed by a centralized increase in retail prices for the purpose of the removal from circulation of the bulk of surplus monetary resources. In the event of events developing in this direction, the need for the freezing of the accounts of legal entities and the citizens would practically disappear.

However, as KOMMERSANT wrote in No. 54, specialists considered a more likely scenario of the development of the reform the government's promulgation of a series of direct-effect edicts and directives to withdraw or freeze the assets of citizens and enterprises and thereby reduce the amount of both the cash and noncash money supply. And only then was a centralized increase in retail prices, primarily to resolve budget problems and complete the process of the confiscation of "surplus" money, forecast. And at the culminating stage—the introduction of partial ruble [R] convertibility based on the total substitution for the old banknotes of new ones.

Naturally, the state would via this multilayer filter admit to the final exchange for currency that quantity of rubles

that really could be converted into currency (on the basis of the actual reserves thereof) per an official rate of exchange determined in advance.

As last week's events showed, it may with a great deal of probability be maintained that the government has opted for reform per the second scenario.

What Next?

In the opinion of experts, an analysis of recent events makes it possible with certain allowances to forecast the further course of the reform. On the one hand, the number of measures already implemented by the government; on the other, unofficial information obtained by KOMMERSANT concerning the government's immediate intentions testify to this.

Step one has already been taken. The USSR Gosbank [State Bank] has already sent the establishments under its jurisdiction a telegram limiting the total wages that employees of state and commercial enterprises may receive in cash (for more detail see the material on page 3). This measure limits for private citizens the final possibility, following the freezing of savings bank accounts, of obtaining ready cash.

Step two, according to preliminary forecasts of KOMMERSANT experts, was to be aimed at the noncash assets held in enterprise accounts, the withdrawal of which from an account following the restrictions on obtaining ready cash is difficult. The KOMMERSANT editorial office has obtained from wholly informed unofficial sources information that a presidential edict on a freeze on enterprise deposits in state and commercial banks has already been prepared (and, according to some reports, even signed) (for more detail see page 1 of this issue).

Step three. Devaluation of the amounts in enterprise and citizens' accounts. The intention is to adopt an administrative decision of the 1961 monetary reform type, when the sum total of the deposit was automatically reduced several times over. Experts see this as a very logical step. It should be mentioned, however, that actual confirmation that such a decision is being prepared by the government has not yet been obtained.

Step four. A reform of prices in the direction of a sharp increase therein. As information obtained from various sources attests, the Union Government has stepped up sharply the preparation of price reform.

Specifically, proposals of the central government in this connection were this week discussed in the Russian parliament. To judge by the figures read out in the discussion, the central government intends to raise prices by an average of 130 percent for foodstuffs and 75 percent for general amenities and household goods (for more detail see page 4 of this issue).

Step five. A supplementary exchange of money—small-denomination notes this time. An analysis of

information obtained earlier and new information permits K experts to conclude that, although a continuation of the exchange cannot be forecast with certainty, its probability is very high.

Thus KOMMERSANT reported in No. 40 that a statement of Aleksandr Orlov, deputy chairman of the USSR Supreme Soviet Planning and Budget-Finance Commission, to the effect that he considered expedient an exchange of banknotes had been published back on 12 October. According to him, the essence of the reform would consist of the issuance of banknotes of a new design and the consistent withdrawal from circulation of R1, R3 and R5 treasury notes. Money of such value would be preserved, but would acquire paper money status.

We would mention that the status of a banknote today is determined by the fact that, if we believe the inscription thereon, it "is backed by the gold, precious metals, and other assets of the Gosbank," and the treasury note, "by the entire property of the Union of SSR."

In conversation at the end of last October with Yuriy Levchuk, deputy chairman of the USSR Gosbank Board, a KOMMERSANT correspondent managed to obtain indirect confirmation that the USSR Gosbank was in the future intending to accord treasury notes banknote status.

In an interview with a KOMMERSANT correspondent on 15 February Georgiy Matyukhin, chairman of the RSFSR [Russian Soviet Federated Socialist Republic] Central Bank Board, said that the exchange of small-denomination money would most likely continue. However, it would take place more gently than the exchange of R50 and R100 notes, that is, per the 1961 reform model, when the old and new notes were in circulation simultaneously for quite a long period of time.

In this context, possibly, information obtained by KOMMERSANT from unverified sources, unofficial and wholly unconfirmed as yet, that the Moscow Goznak factory is already printing new-specimen small-denomination notes acquires a certain, albeit far from unconditional, significance.

Step six. The possible introduction of limited ruble convertibility under the conditions of its increased exchange rate on account of the reduction in the money supply. Experts connect with this prospect information obtained from the Bank for Foreign Economic Relations that in the very near future all commercial banks eligible to operate with foreign currency will also be permitted to conduct currency auctions, which will in this event assume a practically daily nature.

When Will All This Begin? And When Will it End?

Experts note, however, that the procedure of implementation of the measures could fluctuate depending on the actual conditions of implementation of the reform

arising following each stage thereof, although the likelihood of this is relatively low.

The timeframe of implementation of the reform remains not entirely clear also. There are quite contradictory opinions in this connection. Specifically, Georgiy Matyukhin maintains that the money will be exchanged at the end of February-start of March. Similar dates are cited by other informants also. However, to what extent this information can be trusted remains unclear.

According to specialists' preliminary calculations, implementation of the reform could take from two to six months. In all probability, this will depend primarily on the social consequences of implementation of each stage thereof.

Last week the KOMMERSANT editorial office managed to obtain from informed sources close to the RSFSR Central Bank information to the effect that a package of edicts on a complete exchange of notes of all denominations, on a simultaneous freezing of enterprise deposits and a limitation of the issuance of cash, and on price reform and also on a number of other restrictions and transformations had been prepared back in the summer of 1990. A number of experts believes that this package was developed essentially as a government "shadow" program after the official program had gone down during discussion last 24 May in the USSR Supreme Soviet.

Many observers today believe that all confiscatory measures should have been applied simultaneously and suddenly here. But the pace of the reform was suspended on account of the harsh reaction of the public and the possible social consequences.

Nonetheless, the extension of the timeframe and the flexible change in the plan of the reform does not alter its essence and merely relatively influences the possible consequences, which experts do not believe it possible to determine unequivocally.

Role of New Economic Control Chamber Explained

914A0546A Moscow TRUD in Russian 20 Mar 91 p 2

[Report on interview with Doctor of Economic Sciences A. Orlov, USSR Supreme Soviet member and head of a working group on the USSR Control Chamber draft law, by TRUD correspondent Yu. Ursov: "And Analysis, and Forecasting: A New Market Structure Is Being Created—the USSR Control Chamber"]

[Text] At the Fourth Congress of USSR People's Deputies a constitutional amendment was ratified which provides for the creation of a higher organ of financial-economic control in the country—the USSR Control Chamber. A TRUD correspondent discusses its role and functions with Doctor of Economic Sciences A. Orlov, member of the USSR Supreme Soviet and head of a working group on the development of a draft law on the USSR Control Chamber.

[Ursov] Aleksandr Kondratyevich, we might have been short of some things, but we have never been short of control organs.

[Orlov] There really were enough control offices. But very little came out of them. It is a version of "too many cooks..." The economic system with maximum administrative centralization was most fully displayed in the hierarchy of control organs, whose activity bordered on the absurd when, for example, a worker could be punished for not holding a trowel the right way.

One way or another, I assert with all seriousness, market relations have always been developing in our country. Albeit in an abnormal and unnatural form, with underground shop workers, and with corruption in the redistribution processes, but there was a market. And there was also a kind of "humpbacked" control system to go with it. It was removed—and that very distorted market system came out into the light of day. Intermediate enterprises, questionable joint enterprises, and duplicative state structures that were concerned not with how to produce, but how to rip off a juicier piece in the redistribution of the social product. It is they who distort the essence of the market and compromise its idea in the mass conscience, while presenting themselves as harbingers of progress and of "civilized" entrepreneurs. By the way, it seems, it was Henry Ford who said that enterprise did not have anything in common with speculation in a finished product.

Briefly, there is a breakdown now in the symmetry between emancipated private initiative and overall state interest, and between the individual and society. It has to be restored.

[Ursov] And how will we restore this? Close all cooperatives and consumer associations and assign a soldier-inspector to each director?

[Orlov] Well, the country has actually gone through this. There will be no effect. It is necessary to establish an effective system of parliamentary control, as in all developed countries. They do without "soldier-inspectors" there, but they cannot do without a court of accounts, as in France; a department of general inspection, as in Canada; a control-inspection administration, as in Japan... All of these organs are independent of executive authority, of a council or cabinet of ministers. The overall position of state control over finances was drawn up in the Lima declaration of guiding principles of control in 1980. I will quote its first article: "The organization of control over public finances is a mandatory element in the management of public financial resources, inasmuch as this management entails responsibility to the public. Control is not an objective in itself, but an integral part of the system of regulation..."

What does this mean? With the help of taxes from the population and from enterprises, we collect hundreds of billions of rubles in the state budget. And we decide at a session of the USSR Supreme Soviet to allot part of the

money, for example, to a program to help the unemployed, and also to increase capital investments in villages. Are these steps in the public's interests? Indeed. But now there is a need to verify whether these resources are being expended efficiently, and whether the money to help the unemployed accumulated in some suddenly organized fund that quickly became "overgrown" with cooperatives. For this could happen. Or whether all "agrarian" appropriations, as has happened, did not reach the village, and became a source of financing additional expenditures of machine building or land-improvement departments.

Thus, two main spheres of activity have been specified in the draft law on the USSR Control Chamber.

The first. Control the completeness of receipts and the effectiveness of expending resources of the Union budget and nonbudgetary funds, special programs, the finances of state enterprises, and all establishments and organizations, including the Ministry of Defense, the KGB, the Ministry of Internal Affairs, the Cabinet of Ministers, and the USSR Supreme Soviet. But not only this. The USSR Control Chamber will "x-ray" the budgets of enterprises of other forms of property in departments that have accepted state orders, and also joint enterprises that have no less than a third of the state capital in the charter fund.

The second very important function is to control how rationally and efficiently national property is used and preserved; to analyze whether its prices, issuance of shares, leases, or concessions are objective. The psychology of many of the administrators, alas, is still that they treat state property as if it did not belong to anyone, or as if it was given to them for their uncontrolled disposal. Therefore, it cannot be ruled out that rather profitable basic funds with modern equipment, producing, let us say, modern lathes with numerical control, or passenger cars, can fall into the hands of a private individual or company through the self-seeking assistance of state officials. And they will begin to take over a big part of the income to which the labor collective has the primary right. Such examples already exist: the most profitable trade places are frequently allocated to consumer associations or to cooperatives. Walk through the center of Moscow or Leningrad, and you will become convinced.

[Ursov] With such plenary powers, one can imagine what capabilities the Control Chamber will be granted to penalize, fine, and punish...

[Orlov] The chamber, I will emphasize particularly, is not a punitive organ. For example, its employees, in contrast to the former People's Control Committee, cannot even levy a fine on managers. All punishment or decisions on property questions are the prerogative of the law enforcement organs. The essence of the chamber's activity, as I see it, is in the analytical research of individual socio-economic problems, mainly concrete ones. For example, an enterprise received hard currency

credit for the purchase of equipment for electronics production. How effectively will it utilize the dollar, considering the situation on the world market?

Or another problem. A structural perestroika of the economy is now unfolding. How will the government be able to influence it? What should bank interest be to stimulate the development, for example, of light industry? And is it worth building new atomic electric power stations, allocating money to power engineers, or would it be more profitable to develop a more economical electric engine? This kind of research will be conducted by Control Chamber experts in order to give well-reasoned recommendations to the USSR Supreme Soviet Cabinet of Ministers, state enterprises, and organizations.

You see, even given the abundance of various control-directive organs, higher authority always suffered for lack of a center that was engaged in systems analysis forecasting. And those structures—the USSR State Committee for Economic Reform and Gosplan [State Planning Committee], which in theory were supposed to submit such recommendations, fell under administrative pressure specifically because of their dependence on industrial or falsely interpreted political interests.

INVESTMENT, PRICES, BUDGET, FINANCE

Price Hike Compensation, Conditions

914A0545A Moscow *RABOCHAYA TRIBUNA*
in Russian 20 Mar 91 p 1

[Interview with N. Cheshenko, deputy chairman of the USSR State Committee for Labor and Social Problems, on readers' letters (omitted), by Yelena Vasilkova: "How Are We To Live Now?"]

[Excerpt]

[Passage omitted]

We showed letters-confessions from *RABOCHAYA TRIBUNA* readers to N. Cheshenko, deputy chairman of the USSR State Committee for Labor and Social Problems, and asked him to tell us what all of us can expect as a result of price increases, and what the government is doing to soften this financial blow.

[Cheshenko] Raising prices is a forced and unavoidable measure. Many people are already saying it now. Although some are still trying to find who is at fault. I think that all of us, our society is at fault. When a few years ago the issue of production costs exceeding retail prices was raised, everybody—including our esteemed press—reacted to it violently: against price increases.

The quantities of money grew, while the goods started to disappear. Let us look at what factors contributed to the current situation. If we compare population income in 1985 and 1990, we will see that it is substantially

different: it has grown by about 240 billion rubles [R], or one and a half times. The volume of goods, however, increased only by about 30 percent. Plus a panic-buying behavior pattern has developed.

I believe that the government took a courageous step, committing itself to such an enormous compensatory payment—over R200 billion—to soften the blow. This is 85 percent of the sum produced by price increases. I do not know of a precedent of this kind.

[Vasilkova] Nikolay Ivanovich, please tell us specifically what kind of compensation different population categories will receive?

[Cheshenko] It is possible that in a relative sense the figures I give you will change. But not substantially. The weightiest—if I may say so—category we have are the working people. This is approximately 130 million people. Let us start with them. Salaries and wages of employed people will go up at least R60 a month. In reality, the earnings will increase even more, since with the increase in a base salary or a base tariff benefits, bonuses, and supplemental payments will increase accordingly. At the same time, income tax rates will be reduced.

However, R60 compensation is a minimum. Republics and enterprises will be completely free to additionally increase salaries of their workers to the extent they can afford it. In general, enterprises will be able now to make many of their own decisions: how to work, what to produce, how to improve discipline, and how to earn money. The tax on profit will be reduced from 45 to 35 percent. What is 10 percent: Is it a lot or is it a little? Make your own calculation: at this point, total profits amount to R300 billion.

[Vasilkova] What about those who work in the so-called nonproductive sphere—education, health care, etc.?

[Cheshenko] For this group, in addition to compensation, an approximately 30-percent salary increase is planned. It will now approach the level of labor remuneration in production branches. For instance, a Category I teacher will receive R310—as much as a designer-engineer of the same category in the machine-building industry. A Category I general medical practitioner will get R350. Besides, under the new law, the organs responsible for financing the nonproduction sphere have the right to raise these salaries, too.

[Vasilkova] The majority of letters in our mail are those from worried low-income families—those with many children, the disabled, pensioners, and single mothers. What compensation can these people expect, and will it give them an opportunity to live a normal life under the new price structure? Or will they still have to struggle to make the ends meet?

[Cheshenko] Let us first talk about families with children. Children and students constitute a huge population

group—almost 90 million people. This is how compensation will be distributed among them. When a baby is born, the family receives a R250 one-time benefit (it is 500 for two children, and so on.) Mothers who have more than one year on their employment record (this requirement does not apply to those under 18) will receive a monthly child-care benefit of R110 for each child under 18 months. The same benefit will be paid to mothers who are full-time students, and for children of those drafted for regular military service, children under guardianship, children of single mothers or widowed parents, former wards of orphanages and state boarding schools, and children under 16 who either have AIDS or test HIV-positive.

Single mothers with children aged 6 to 16 will receive a R90 child-care benefit (for children who are students and do not receive a stipend, until age of 18); the same benefit will be paid for children, age 6 to 18, whose parents evade paying child support.

Working mothers with less than a one-year employment record, and nonworking mothers will receive a R80 child care benefit for children under 18 months of age.

For the first time in many years, monthly benefits now will be paid for children under 16 who previously had not been entitled to allowances and pensions under the current system of social security. These benefits will be set at R40. Total income of the family member who is entitled to claim this benefit should not exceed R280 a month.

In addition, benefits to compensate for the increase in the cost of children's goods will be paid to families with minor children: for children under 6 years of age—no less than R200; children between 6 and 13 years of age—no less than R240; and children between 13 and 18 years of age—no less than R300 a year.

Stipends will be increased substantially. For college, graduate, and doctorate students the benefits will be R60; for technical school students—R55; and for vocational school students—R40.

[Vasilkova] And what does the future hold for pensioners?

[Cheshenko] A pension supplement of R65. Orphaned children will receive compensation of R130. In addition, pensioners and disabled people should receive local noncash assistance: free meals, food and consumer goods parcels at a discount, allocation of land plots, etc.

[Vasilkova] Unfortunately, there are many other families where compensatory benefits will hardly cover the expense stemming from price increases. People will find themselves in a variety of different situations—which, I think, we will learn about from our readers. So, it seems, Nikolay Ivanovich, that we only part for a short while.

[Cheshenko] Come again, I am always happy to help your newspaper.

Origins, Results of Sales Tax Law Reviewed

Proposal Traced

914A0513A Moscow IZVESTIYA in Russian 7 Mar 91
Union Edition p 2

[Article by E. Gonzalyez: "Five Percent on Each Purchase: Why? How This Was Thought Up..."]

[Text] This is already the umpteenth day that cashiers at all stores have been calculating and adding five percent to the price of each item, or they have been using previously prepared tables to figure out the final amount to charge the customer.

The instantly lengthened waiting lines, naturally, are noisy with dissatisfaction. But it seems that the most noise is being made in the press. There are explanations by financial experts, protests by the trade unions, bitter irony from the journalists, endless revelations as to who thought up this tax, and demands for its author to appear "on stage."

Moreover, the question of who authored this sales tax is really not so simple. But the answer to it is extremely important and instructive on the threshold of the new reforms. Therefore, we have selected from the stenographic records of the USSR Supreme Soviet sessions if not all, then at least much, that was said about this tax. Whoever has enough patience to read through the entire—not always engrossing—text to its very end would have little doubt left as to this matter.

22 November. From notes made by N. Ryzhkov concerning the Draft Union Budget for 1991.

It has been proposed to institute a sales tax amounting to three percent to be added in turnover on wholesale (accounting) and purchase or contractual (free) prices (without a turnover tax). The payers of the sales tax would be the enterprises—those manufacturing the items (goods)—directly at the stage of their marketing sales, as well as the population (public).

As calculated on a per annum basis, the total sum of this tax could amount to 50 billion rubles.

26 November. Session of the USSR Supreme Soviet.

V. Pavlov, USSR minister of finance:

We think that our enterprises and organizations now have a genuine source—a free profit which remains in the economy and these days does not find any productive use because of the lack of material resources. With the conversion to new wholesale and purchase prices, the financial possibilities or opportunities of enterprises are sharply increasing.

And hence our proposal to introduce a sales tax amounting to three-five percent; this would allow us to "mobilize" as much as 40 billion rubles, accordingly reduce the pressure on monetary circulation, and

strengthen or reinforce the "shaky" ruble. I would ask the deputies to examine, consider, and support this proposal.

V. Kucherenko, chairman of the Planning and Budgetary-Finance Commission:

I ask that the committees and commissions direct their attention to a series of new proposals which the government has made. Look at the stabilization fund that has been proposed. We must attentively and thoroughly study the sources of its formation and the methods of its disbursement. It has also been proposed to defer amortizing the credit of the State Loan Fund; we must examine what lies behind this proposal.

The same thing must be done with the slaes tax amounting to three percent (Comrade Pavlov has cited a figure of approximately 50 billion rubles which is concealed under this source).

V. Pavlov (in reply to questions):

Question: The draft proposes that an added or supplementary three-percent sales tax be instituted; it would be imposed or levied on manufacturing enterprises. I ask you to answer the question of how this would stimulate an increase in production. Deputy Krasilnikov.

Reply: Direct your attention to the fact that production is declining, but that profits remaining at the disposal of enterprises are increasing. From our viewpoint, therefore, it would not be right for such amounts of money to remain in the economy; it would directly facilitate the growth of inflation.

We consider that a sales tax would bring about a rational balance in the amounts of money remaining in the economy and which we could genuinely utilize as a stimulus or incentive for providing material and technical resources.

8 January. Session of the USSR Supreme Soviet.

V. Kucherenko (in reply to questions):

Question: A five-percent sales tax and 11 percent to the stabilization fund—these are additional taxes on enterprises which are not allowed by the Law on Taxation.

Reply: As to the five percent... Yes, this would be an additional load or burden, but the enterprises would "factor" this tax into their prices. And a compensation has been provided from the state budget for those enterprises which would be receiving more expensive products. In my opinion, this compensation would amount to something on the order of 17 billion rubles—approximately equal to the losses of the stabilization fund spent on compensating those enterprises which would lose money as a result of raising prices due, in turn, to this five-percent sales tax.

10 January. Session of the USSR Supreme Soviet.

V. Lisitskiy, general director, Black Sea Shipyard Association:

Let me direct your attention to the status of our culture, education, science, and even the court of arbitration. We cannot avoid or pass over these painful and even "diseased" matters. I consider that to do so would be immoral, as Comrade Sobchak stated a few days ago. And, therefore, we need to increase the sales tax to six percent, which, even for the Union budget, would amount to approximately four billion rubles. I would like to say that in the United States this tax is something on the order of 11 percent, whereas in Britain it is 15 percent.

V. Kucherenko: We worked long and carefully on the dimensions and amounts of this tax. At first, three percent was proposed, and then the figure was increased to five percent. In my opinion, this percentage is the best which we can handle without violating or destroying the economic structure which has evolved in our country.

N. Sazonov, member of the USSR Supreme Soviet:

Whereas Comrade Pavlov said yesterday that the payer of this tax would be the consumer, and whereas Comrade Kucherenko said the day before yesterday that the payer would be the producer, I am here to tell you today that (according to the specifically adopted norm), the payer of this tax will be the population, i.e., the public. When we go into a store and purchase an item for 20 rubles, we will pay five percent more than that. And, according to Comrade Lisitskiy's proposal, we would have to pay six percent more.

V. Kurtashin, chairman, Commission for Development of Industry, Electric-Power Engineering, Equipment, and Technology:

Speaking frankly, our reproach is aimed not so much at the President as against those "double"-thinking economists who have prepared these ukases. The Ukase on the Sales Tax has already been in effect since 1 January, but the mechanism for implementing it has not been thought through. I propose that we take another good, hard look at this tax. We need to adopt a budget today—there's just no other way, but we must tell one another where we are heading. Yes, our country is now experiencing temporary difficulties, and we must decide whether the sales tax will go into effect either in 1991 or in 1992. I propose that this tax go into effect for 1991.

N. Feskov, member of the USSR Supreme Soviet:

I would like to remind Deputy Kurtashin that the draft Decree provides in writing that this is to be for one year. Therefore, there should be no danger whatsoever that such a statute or state of affairs will remain "on the books" in subsequent years.

S. Ryabchenko, deputy chairman, USSR Supreme Soviet Committee for Science:

Valentin Sergeyevich... the following is written in Article 1: "The sales tax shall be on the volume or amount of the

products sold...." This formulation must be understood as a tax to be imposed or levied on the producer. But if it is to be interpreted as you say, then, at the very least, the text should read as follows: "on the volume or amount of the products purchased...." But the way it is written here contradicts your interpretation.

V. Pavlov: A direct thought has been posited here—we must understand each other. What we mean is that, indeed, the sales tax would be paid by the consumer, i.e., the customer or purchaser.... This formulation attests to the fact that the tax is to be paid at the place of production.

V. Kucherenko: I think that there is now complete clarity with regard to this tax. Well now, let's "skim off" these 36 billion rubles. And we will have to adjust the expenditure portion to this same total.

Presiding Officer: Comrades, I would simply put the motion made by Comrade Tatarchuk to a vote. He has proposed that this tax be eliminated. The commission insists on retaining it; the government insists on retaining it; and now all the viewpoints are clear. If you please then, who is in favor of eliminating this tax?

Only 52 deputies voted for elimination. Thus, the sales tax was adopted by a majority of the people's deputies. Let me remind you that the President signed the ukase on 29 December.

And nowadays cashiers throughout the country are totting up and adding the ill-starred five percent to each purchase. Deputy Sazonov turned out to be prophetic after all. But, of course, two months ago probably anyone would have been ready to dispute him. Because a five-percent price increase seems utterly insignificant when faced with their implacable doubling or tripling.

Why and for whom was it necessary to impose the "presidential tax" on the legislators for the sake of a few billion rubles, an amount which is simply insignificant on the scale of our country? Because nowadays you cannot buy even a box of matches without being reminded of our chief of state and his "middleman" role in this acquisition.

How did Kurtashin put it with regard to the "double" thinking of the economists? He said that his reproach was directed at them rather than at the President. All very correct. But the trouble is that even afterwards we have quite often encountered the results of "double" thinking. The only thing we fail to understand is why this "capability" is ascribed to the economists.

Results Unclear

914A513B Moscow IZVESTIYA in Russian 7 Mar 91
Union Edition p 2

[Commentary by R. Lynev: "...And What Happened."]

[Text] We have had enough shortages. Moreover, they have been complicated recently by a phenomenon engendering panic, nervous strain, and puzzled questions such

as the following from customers: Why is it that, along with creeping price rises—something which was not anticipated by the promised reform of price formation—recent days have witnessed an "explosive," five-percent rise on the items on store shelves and counters? Moreover, it has affected certain items and products, whereas in the case of other goods the problem of their becoming more expensive has again become more exacerbated. As a result, prices are high, but items are still in short supply (if, indeed, available at all!).

Just what is going on here?!

The salespeople explain it as follows: "The sales tax has been introduced in accordance with the President's ukase. It's not our fault."

And, indeed, people have already dubbed it the "presidential tax," or "tips for the President."

Alas, it is easy to reform an economy "on paper," i.e., in theory. But things are more complicated in practical life. And the sales tax is an example of this. Its basic concept was recently explained as follows by V. Rodyushkin, chief of the Tax Inspectorate:

"In principle, there is nothing new in this tax. It has existed for a long time throughout the world. And even in its very form a sales tax is analogous to a value-added tax."

The need for and the dimensions of the amounts of this tax were discussed in detail at a session of the Supreme Soviet. It should be borne in mind that a total of 47 billion rubles—to be channeled into various social needs at different levels—had to be sought out and found somewhere.

But where? The new (at least new for us) sales tax has been recognized as having rational and well-founded characteristics. It has been set at five percent of the value of each item being acquired by citizens or producers, regardless of their forms of property ownership or conditions of business activity. Thereby the tax burden is distributed equally, or, at least so thinks the chief of the tax service. Furthermore, 70 percent of this tax must be channeled into the republic-level budgets and only 30 percent—into the Union budget. In addition to this, republics have the right to "free" or exempt from the sales tax those categories of items which are the most important for the population. They also have the right to refrain from imposing this tax on the socially unprotected strata of the citizenry, primarily, those persons living on pensions.

That, in brief, is the basic idea or concept of this tax. It would seem to be clear. But what happened? The level of retail prices, having been sundered from and having lost contact with the wholesale prices, has also become

uncoordinated among the various republics. This is now having a painful effect on both consumers and producers.

"Unfortunately, the matter has been dragged on too long," V. Rodyushkin stated.

That is, so far not everything has gone smoothly even on paper. And this "unworkability" has proceeded through all channels—from the top down. Nor was it by accident or chance that proposals were made to hold off for a while on introducing the sales tax; the latter was perceived by many persons as just one more price rise.

But let's assume that this law's mechanism were to be finally worked out and approved in the Federation Soviet. Are you, the readers, confident that the "tax pill" would become at least somewhat sweeter because of this? I'm not so confident. Nevertheless, we had to adopt it. Still, let's put it this way: it should be better regulated or "tailored."

Editorial Comment

914A0513C Moscow IZVESTIYA in Russian 7 Mar 91
Union Edition p 2

[Commentary by the editors: "From the Editors"]

No matter how one evaluates the sales tax, one thing is clear: it has only an extremely "remote" relationship to the conversion to a market-type economy, as proclaimed by the government. From this point of view it makes no more sense to us than the recent exchange of large banknotes or bonds. And, judging by the explanatory notes which N. Ryzhkov made, this tax was thought up as an extraordinary and temporary measure—in order to cover gaps in the Union budget.

The inevitable and, one could say, already announced price rise has made this five percent simply difficult to understand. Because, after all, such a trifling amount could have been included in the new cost or value of items without all the geese squabbling. And it would not have been necessary to proceed in such a complicated and risky manner from a three-percent tax on enterprises to a five-percent tax on the population, to "play tricks" on the deputies, or to subject the President's prestige and the population's endurance to one more "test." What was needed was something else—a precise and strategic plan for converting the economy to market-type relations. Unfortunately, we still have no feeling or sense that such a plan exists.

Problems of Income Tax Collection Examined

914A0553A Moscow TRUD in Russian 21 Mar 91 p 2

[Interview with A. Lapin, deputy chief of the individual taxes department of the USSR Ministry of Finance State Tax Inspection, by S. Kalinin: "Do Not Look Down on Taxes"]

[Text] On July 1 1990 a new law on individual income tax went into effect. A little earlier another law—"On Rights, Duties, and Responsibilities of the State Tax Inspection"—was adopted. This, in its way an epoch-making event of last year, almost went unnoticed then; at least, neither a fountain of elation nor a storm of protest erupted in the newspapers and magazines.

Now, in January-February of this year, our compatriots are beginning to find in their mailboxes official postcards with approximately this content: "The State Tax Inspection of such-and-such rayon requests that you fill out your income declaration (for income outside your main place of employment) before 1 March of this year. Failure to submit the above or concealment (underestimation) of income is subject to statutory penalty."

I think that many of us (I mean those who have additional income such as author's fees or remuneration for irregular jobs outside of the main place of employment) simply were not ready for this.

As the first results show, not everybody has been persuaded of the necessity of visiting a rayon state inspection. Some threw away the postcards, counting on being able later to feign surprise and say: "I know nothing; I have not received anything." Some called the phone numbers listed on the card and tried to prove that the card had been sent to him by mistake... There is, however, only one correct way to get out of this situation, a simple and sensible way. This is the opinion of A. Lapin, deputy chief of the individual taxes department of the USSR Ministry of Finance State Tax Inspection.

[Lapin] You should go without delay (even if you did not receive the card) to the tax inspection of the rayon in which you reside and fill out a declaration of your additional income—naturally, only if you had such income during the period between 1 July and 31 December 1990. Let me also clarify, just in case, that it is not necessary to submit information on author's fees or income from one-time and occasional jobs which were paid in full in the first half of 1990, since these sums are not subject to the new law. However, if you signed a contract, let us say, in May, but were paid in August, this income is subject to the new tax law.

I want to emphasize that it is not too late to fill out the declaration, although the rules specify the time frame: from the end of the tax year and no later than 1 March of the subsequent year.

Otherwise, the existing legislation stipulates that failure to submit a declaration or late filing of declarations, as well as submitting false data, are subject to statutory penalty—a 50- to 100-ruble [R] fine. A repeat offense during the same year after the initial fine will result in an additional R200-300 fine.

Concealment (understatement) of actual income with the purpose of avoiding taxes will result in full confiscation of such income and a penalty to the extent of the concealed (understated) amount; repeat offense will result in double penalties.

[Kalinin] What do you mean by double penalty? The amount of concealed income multiplied by two?

[Lapin] Exactly. As they say, the law is harsh but fair, and such violations are punished severely (up to a prison term) in all civilized countries. On a human level, I can understand our people who have encountered such a thing in practice for the first time. It is, indeed, something entirely new, and many people found themselves psychologically unprepared for it. Let us face it, quite often even a husband tries to "stash away" from his wife a few rubles of his salary; here we are asking people to come forward as if in confession and give to the treasury what is due. But the law has been adopted, it is in effect, and it has to be obeyed. Our service, among other things, has the responsibility of monitoring compliance with the tax legislation.

Take, for instance, self-employed people engaged in individual business activities—we have practically no problems in this area now. The system of our relations had been ironed out by this point. They know very well when and where they should go and how to fill out the necessary papers. There are, of course, some who still want to play a "cat and mouse" game, but this is not a typical phenomenon.

[Kalinin] Could you tell us about the mechanism of interaction between your service and citizens and enterprises?

[Lapin] No later than 1 February each year enterprises, offices, and organizations which made remuneration payments must submit to their local tax organs written reports on the amounts paid to individuals during the previous year, the addresses of these individuals, and the amounts of tax withheld. This information is sent to the tax organs of the locality where these income earners permanently reside.

[Kalinin] Wait a minute, then why should the so-called "income earners" fill out a declaration if all this information is already in the inspection at his locality of residence? It is, after all, extra paper work. Or is it simply a check of the taxpayer's honesty and integrity?

[Lapin] We have to resort to this kind of duplication for now since we are not sure we will receive all the necessary information directly from the payers.

[Kalinin] Could you give us an example, for illustration purposes?

[Lapin] First, I want to explain that under the old arrangements tax was deducted only by the payer at the time of payment. Now we work on the principle of taxing combined income on a progressive scale. Do keep in mind that the amount of tax withheld by the payer

during the year is taken into account in the final calculation. Here is an example from our instruction booklet that is close to your journalistic practice.

"A person whose main place of employment is an enterprise, and is paid an author's fee for his book in the amount of R1,200 by the publisher, from which the publisher withheld income tax in the amount of R98.40. During the same year this same citizen is paid another fee for an article by another publisher in the amount of R600, from which R31.20 in income tax is withheld.

"At the end of the year this citizen lists in his declaration the sum of the fees received and taxes withheld, as well as expenses—supported by documentation—he incurred in connection with his work on these projects. In this case the final calculation of that year's income tax is accomplished in this way:

"a) total sum of remuneration less work-related expenses is calculated: 1,200 plus 600 minus 100 equals 1,700;

"b) the amount of tax is determined from appropriate tables, which in this case comes to R163.40;

"c) Taking into account the amounts of tax already withheld by the payer, additional tax due will come to R33.80 (R163.40 minus R98.40 minus R31.20)."

If an individual cannot produce documented proof of expenses, they are accepted within the limits of established norms. For instance, one can deduct up to 20 percent of remuneration as expense in creating designer projects, and up to 15 percent in literary work.

[Kalinin] Will your service be able to manage the enormous volume of work in collecting all kinds of information on potential taxpayers, verification of monetary documents, bookkeeping records, reports, estimates, declarations, and so on? After all, the level of technology available to you is sometimes lower than in some developing countries. Even in the ministry one can count computers on one's fingers, let alone in the field offices.

[Lapin] Naturally, in order for the law to work in full force we need the most modern computer technology, from the creation of an integrated automatic system of financial transactions to equipping inspectors' work places with effective office technology, including personal computers. Otherwise it will be physically impossible to cope with the paper "mountain" and find tax evaders.

Nevertheless, we have a task—to process the information received by us by 1 May, and I hope we will be able to manage.

Right now we are more concerned about our citizens' unpreparedness to fulfill their duty, the absence of elementary legal culture among the populace, the ignorance of the law, and the lack of understanding that no state can exist without an effective tax policy. It is not

accidental that a plaque over the entrance to the U.S. Internal Revenue Service reads: "Taxes Are the Price of Civilization." Americans, as well as people of other developed countries, understand this clearly and share

their income with the state, although not without certain regret. Another side of this is that they do know on which programs, and in what amounts, this money will be spent.

POLICY, ORGANIZATION

RSFSR Jurisdiction Over Union Enterprises Deplored

914A0430A Moscow PRAVDA in Russian 12 Feb 91
Second Edition p 4

[Article by USSR People's Deputy Yu. Komarov: "Now a 'War of Jurisdictions?'"]

[Text] Moscow—Why are enterprises under Union jurisdiction being transferred to the jurisdiction of the RSFSR [Russian Soviet Federated Socialist Republic]? The economy is becoming a hostage of the political battle. We do not have the right to destroy what has been created over the centuries in the community of nations.

At the third session of the RSFSR Supreme Soviet another "war" was started on the territory of Russia. To the "war of sovereignties," "the war of banks," and the "war of budgets" that have been crushing all of our society there has been added the "war of the enterprises under Union jurisdiction." In the speech by RSFSR Supreme Soviet chairman B. Yeltsin this was explained by the need for "stabilization of the internal situation in the republic and above all its economic situation," for which "it will be necessary to find a mechanism for winning over the labor collectives of enterprises located on the territory of Russia and to neutralize the possibility of sanctions from the Union government." Then followed detailed recommendations to the government as to how to do this in practice.

In the heated debates that followed, RSFSR people's deputies, as we know, paid no attention to this question. Which is also true, incidentally, of Boris Nikolayevich's suggestion to "proceed to a limited and regulated sale of rubles to foreign investors." But the Russian government reacted almost immediately. As early as 22 January I. Silayev signed a decree of the RSFSR Council of Ministers, "On Approval of the Provisions on the Procedure for Changing Enterprises and Organizations under Union Jurisdiction Located on the Territory of the RSFSR to the Jurisdiction of RSFSR State Administrative Organs." And on 24 January the Russian parliament hastily created a commission for investigating facts related to the attempt to sell 140 million rubles [R] abroad at "black market" prices with the blessing of the Russian Cabinet of Ministers.

This kind of efficiency shows that these questions were thoroughly prepared for long ago by the RSFSR leaders. This was confirmed by G. Filshin in his interview in ARGUMENTY I FAKTY. Responding to the question of why the government of Russia talks so much and does so little, he said: "Up to now we have been doing work the world cannot see."

But history teaches us that sooner or later all secrets are revealed. Taking into account the fact that the illegal path selected by the leaders of Russia for redistribution of property between the Union and the republic even in

the next month or two will have sharply negative consequences for the functioning of the country's entire economy, I will take the liberty of expressing a number of judgments.

The question of the transfer of Union-controlled state enterprises to the jurisdiction of organs of RSFSR state administration is above all a question of ownership. The decree of the USSR Supreme Soviet of 6 March 1990, "On Implementing the USSR Law 'On Property in the USSR'" (point 4, paragraph 2) instructs the USSR Government, in conjunction with the governments of the Union republics and with the participation of the autonomous republics, before 1 July 1991, to make a distinction between Union property and the property of the Union republics. This is why it cannot be resolved unilaterally or on the initiative of any one of the republics. If such a situation does arise, as is the case with the adoption of the decree of the RSFSR Council of Ministers of 22 January 1991, there is an inevitable violation of the USSR Constitution and a number of the country's laws, mainly: "On Property in the USSR," "On Enterprises in the USSR," and "On the Fundamentals of Economic Relations Between the USSR and the Union and Autonomous Republics."

Thus Article 8 of the USSR Constitution and the law "On Enterprises in the USSR" with respect to the articles of Section IV, "Administration of the Enterprise and Self-Administration," does not give authority for a general meeting (conference) of the labor collective to decide questions of jurisdiction (Article 16), nor is this authority granted to the leaders or the council of the national economy (articles 18 and 19) who, according to the "Provisions on the Procedure for Transfer..." approved by the RSFSR Council of Ministers, are to sign documents changing the jurisdiction and the owner of the enterprise. I wish to say that one of the latest Russian laws—"On Enterprises and Entrepreneurial Activity"—does not grant the labor collectives or their leaders these rights either.

Another thing that seems wrong would be, in the event that the USSR ministries and departments refuse to turn enterprises that are all-Union property over to the jurisdiction of organs of RSFSR state administration, for the RSFSR State Committee for Administration of State Property to make a final decision (Point 6, Paragraph 2 of the Provisions) which would merely inform the corresponding Union organs of this.

Thus the Union administrative organs (possessors of property) in resolving this issue would be assigned the role of outside observers and they would be deprived of the right to participate in its resolution, although the subject under discussion is Union property, including that created with the participation of other republics, whose rights are also being ignored.

Has the Union today really placed the republics in conditions whereby the distribution of property is possible only through battle, aggravation of confrontation,

and violation of Union laws? I cannot agree with this opinion. The process of the redistribution of functions of administration of the branches and enterprises of the country's national economy among the Union, the republics, and the local authorities is continuous. Suffice it to recall the times of the *sovnarkhozes* [national economy councils] and the periods of the formation and reformation of Union, Union republic, and republic ministries and departments.

From my own experience I can name enterprises and branches whose jurisdiction has been changed repeatedly. Today we are on the threshold of signing a new Union treaty which will demarcate the authorities of the Union and republics, which will be a decisive condition for regular redistribution of the Union property in favor of the republics. The USSR Supreme Soviet, when forming the N. Ryzhkov government in 1989, had already turned over a number of branches for complete administration by the republics (agro-industrial and construction complexes, light industry, and so forth), having eliminated the corresponding ministries and departments. And, finally, there is the aforementioned decree of the USSR Supreme Soviet of 6 March 1990, which set a deadline of 1 July 1991 for the governments of the Union and Union and autonomous republics to redistribute the property through multilateral and mutual agreements.

One gets the impression that the RSFSR Government with its decree is simply breaking down doors that are wide open.

It is also surprising that the decree does not specify a group of branches whose enterprises could be transferred to the jurisdiction of Russia. And yet the draft of the Union treaty, which was approved by the Fourth Congress of People's Deputies, has already been published, and the idea of concluding it was resolutely supported by the Second RSFSR Congress of People's Deputies as well. And the Russian parliament, having accepted the Shatalin-Yavlinskiy concept of transferring enterprises to the market, confirmed the need to leave a number of base branches of the national economy within Union jurisdiction and gave a list of their names.

It would be interesting to know how the operation of the country's railroads and unified power system would operate if some of the locomotive depots and electric power stations were turned over to the jurisdiction of the RSFSR and refused to follow orders from the USSR Ministry of Railways or Ministry of Power and Electrification.

And what would happen to the revenue part of the Union budget if many Union enterprises were placed under the jurisdiction of Russia? After all, the Russian leadership, stubborn in its rejection of a federal tax and insisting on a fixed contribution to the Union budget, places itself in a difficult position vis-a-vis the Union in this case.

What will happen to the enterprises that leave the Union branch structures? None of their life-support systems are contained within the territory of the plant. They have been formed over the decades within the framework of the branches and include branch science; the personnel training system; branch machine building and a system of capital and current repair work; a system of financial and economic support for less profitable enterprises and those operating at a loss which are operating in various geographic zones; foreign trade activity with positions already won in the world market, and so forth.

With the elimination of the branch it will be impossible to retain all these vitally important arteries and everyone will lose. These losses await certain enterprises that are leaving the system. And the loss of certain ties has an immediate effect on the activity of the enterprises (financial and material-technical) while the effect from others comes somewhat later (science, personnel, and so forth).

In 1989 after the elimination of the USSR Ministry of the Construction Materials Industry, through the efforts of almost 250 enterprise leaders a new life support system was created within three months in the form of interrepublic subbranch concerns and the Union state association *Soyuzstroymaterialy*. They did not manage to save everything, and the losses were most appreciable in the supplies of equipment and transportation. Some of the enterprises, mainly because of pressure from local and republic authorities, did not join voluntarily organized associations while others, at their own discretion, entered concerns that were not of their profile while remaining in the association.

Many experienced specialists who had worked in the central apparatus left the branch. Here is what was reported to me a couple of days ago by the general director of the *Asbestotsement* concern, V. Zhuk. He is continuing to follow the results of the work of the former enterprises of "his own" which did not join the concern. According to his figures, over the last year and a half their output volume has decreased by 15-20 percent.

In this connection I wish to express my attitude toward the processes of replacing the defunct Union and republic branch ministries and departments with concerns, associations, and other groups organized by the former enterprises of these ministries on a voluntary basis and maintained by them.

The majority of market economists and many people's deputies sharply criticize this process, regarding it as merely switching nameplates, attempts on the part of the branch management nomenclatura to keep their comfortable positions and retain their monopolies in our economy. Only the latter assertion is true. I am convinced that this is a predictable, inevitable, and economically expedient in this transitional stage, for within the framework of voluntary associations the life-supporting ties are retained and the enterprises achieve a great degree of independence. Therefore in subsequent stages of state withdrawal and privatization, and also during

the redistribution of property between the Union and the republics, it is necessary to contribute in all ways to preserving the interrepublic and Union structures created by the enterprises on a voluntary basis and not to allow their elimination by force.

As for monopolies, it is necessary to fight against their negative consequences with a correct price and tax policy, and—the main thing—through accelerated development of parallel structures, especially small enterprises of the corresponding profile. In today's crisis situation we must not pay for the elimination of monopolistic structures with a reduction of the volume of product output. The very struggle for the Union enterprise under slogans of ensuring the economic sovereignty of the republics is an anti-market phenomenon. Above all because the main goal of its organizers is an uncoined desire to gain a monopolistic right to dispose of the products of the enterprises and to take advantage of this right, including to strengthen their personal power.

There is more than enough evidence of this in our life. The imposition of "rent in kind" on enterprises by local and republic soviets has become widespread. These product requisitions are accompanied by "twisting the arms" of recalcitrant directors and are one of the main reasons for the violation of production ties everywhere. B. Yeltsin did not resist the temptation to contribute to this process, which is so destructive to the economy, when he declared in his speech that "possibly it would be worthwhile to take a certain share of the profit tax from the Russian enterprises in the physical form of products from the enterprise's profile." One can assume that this wish will be granted with special zeal and, of course, not just within the limits of the tax. One can only sympathize with the leaders of the enterprises, many of whom are already on the verge of a "heart attack," being torn between the need to observe the agreements, the president's ukases, the laws of the country, and the illegal decrees of local and republic soviets.

A couple of words about the moral side of the proposed procedure for transferring Union enterprises to the jurisdiction of the RSFSR. The decisive thing here is the decision of the general meeting (conference) of the collective. The very fact that enterprise workers have been granted rights not given to them by the country's constitution and laws means that, to a certain extent, they are counting on a grateful response (they recognize us as the masters, they trust us). But from among whom and how will the participants in the meeting be selected? After all, the question could be phrased like this: "Are you for the Union or for Russia?" For me, a Russian person, to phrase the question this way is simply blasphemy. Our forefathers, through their minds, labor, and military valor, created a great state by uniting dozens of peoples around Russia. We do not have the right to destroy what was created over centuries in the community of peoples.

Russia is the nucleus of the Union and to counterpose these two concepts in even the most minor way is not

permissible. I hope that RSFSR residents will say the same thing on 17 March in the first all-Union referendum. In the very way the question is phrased one can see a desire to bring the frenzy of the political struggle in the center to the labor collectives and to split them up. The difficulty of today's situation lies in the fact that the economy and its basis, the enterprises, are more and more frequently becoming hostages of the political struggle. But in a rule-of-law state the functioning of the economic structures should not depend either on the number of parties generated or on the political struggle among them or even on a change of governments.

Do we need a forced changeover of the branches of the national economy from Union jurisdiction to the jurisdiction of the republics? It is my profound conviction that any change should be preceded by a preparatory period. The economic mechanism of the republics is not yet ready to take over a large number of functions that previously belonged to the Union. Recall the aforementioned transfer to the jurisdiction of republic administration of a number of branches of the national economy during June-July 1989. What have they achieved in a year? We have always known that during the annual struggle for the harvest we lose a large share of the products we have grown. But what happened in the 1990 harvest surpassed everything that had occurred before. Essentially, the republics that took over complete management of the agro-industrial complex demonstrated their inability even to harvest their own crops by themselves.

As for the construction complex, last year was one of the blackest in the entire history of the Union. In terms of the startup of social, cultural, and domestic facilities we fell several years behind, and the amount of incomplete construction reached R2 billion.

I am giving these examples not in order to demand the restoration of the power structures for the administration of these branches at the Union level but so that all of us together can draw correct conclusions and not strive for hasty seizure of power over the branches and enterprises; it would be better to begin to think about how to provide for their normal functioning.

So when solving the problem of the redistribution of property between the Union and the republics, the RSFSR Government has already deviated many times from the path earmarked by the decrees of the USSR Supreme Soviet, that is, the path of observance of the new economic laws of the Union, the agreements with the country's government, and the conclusion of the Union treaty. It has selected a path of confrontation, the elimination of Union organs from deciding the destiny of the enterprises under their jurisdiction on the territory of Russia, and the seizure of Union property with the help of the people (labor collectives).

In his report to the RSFSR Supreme Soviet of 1 February, I. Silayev stated that the process of changing the enterprises from Union jurisdiction to the jurisdiction of

Russia had begun and he gave a list of enterprises that had applied for this (and, apparently, had already voted for it at their conferences).

What will this next "war" do for all of us? I wish I were wrong but, apparently, it will bring nothing but even greater economic chaos, a further decline of production volumes, and growth of political confrontation with the involvement of the labor collectives.

Perhaps this is the goal that is being pursued.

Belorussian Decree on Implementation of USSR Enterprise Tax Law

914A0516A Minsk SOVETSKAYA BELORUSSIYA
in Russian 22 Feb 91 pp 1,3

[Text of decree signed in Minsk on 13 February 1991 by Belorussian SSR Supreme Soviet Chairman N. Dementey: "Decree of the Belorussian Supreme Soviet on Procedures for Application on the Territory of the Belorussian SSR During 1991 of the USSR Law on Taxes From Enterprises, Associations, and Organizations"]

[Text] The Supreme Soviet of the Belorussian Soviet Socialist Republic resolves:

1. To establish that, until passage of a Belorussian SSR law on taxes from enterprises, associations, and organizations, the USSR law of 14 June 1990: "On Taxes From Enterprises, Associations and Organizations," shall be effective within the territory of the Belorussian SSR, with the exception of article 4, point 3, paragraph 4; article 5, point 2, paragraph 1; article 8, point 2, paragraph 1; article 15; and chapter VI.

All tax amounts from enterprises, irrespective of form of ownership, shall be assigned to the budget of the Belorussian SSR, with the exception of profit tax amounts, in which case the size of deductions to the all-union budget during 1991 is defined by article 4 of the Belorussian SSR law: "On the State Budget of the Belorussian SSR for 1991."

2. Branches, divisions, representations, and other subunits of enterprises, associations, and organizations situated beyond the territorial limits of the Belorussian SSR shall be registered in accordance with established procedures and shall open accounts in banking institutions on the basis of their place of location and shall pay taxes into the budget of the Belorussian SSR in accordance with the present decree.

3. To establish that points 5 and 10 of the USSR Supreme Soviet decree: "On Procedures for Implementing the USSR Law on Taxes From Enterprises, Associations, and Organizations" shall not be applicable within the territory of the Belorussian SSR.

4. For production cooperatives and for unions and associations of these, to establish tax rates by type of activity in the following amounts:

- care for sick persons, invalids, and children—five percent;
- trade and purchasing activity—60 percent;
- intermediary activities, organization and conduct of entertainment events—70 percent;
- production and processing of agricultural products—20 percent;
- Population services using privately-owned transportation—according to rates established by oblast and the Minsk City soviets of peoples deputies for persons engaged in this form of individual labor activity, calculated on a per-worker basis;
- other types of activity—45 percent.

When taxing the earnings of cooperatives, the privileges envisaged in subpoints "a" and "b" of article 6, point 8 of the USSR law: "On Taxes From Enterprises, Associations, and Organizations" shall be applied to these, providing that the number of workers in the cooperatives does not exceed that established by USSR Council of Ministers decree No. 790 of 8 August 1990: "On Measures for the Establishment and Development of Small Enterprises."

5. For kolkhozes, sovkhoses, and other agricultural enterprises, irrespective of forms of ownership, popular consumer services enterprises, municipal services, and enterprises and organizations falling within the local economy, including those classified as communal property, the rates of taxes on profits shall be established by oblast and the Minsk City soviets of peoples deputies.

For kolkhozes and sovkhoses, irrespective of forms of ownership, rates of taxes on profits shall be established on the basis of the level of these payments to the budget that existed in 1990.

6. Advance payments to the budget for the tax on profits of enterprises, associations, and organization shall be determined on the basis of profits envisaged by their financial plans for 1991.

Kolkozoes, sovkhoses, and other agricultural enterprises pay the tax on profits into the budget once a year based on an annual accounting, without making advance payments.

7. Article 33 of the USSR law shall be applied within the territory of the Belorussian SSR in the following wording:

"Article 33. Tax on other earnings:

a) earnings (proceeds) received from casinos, video salons (showing of videos), the use of automatic games involving cash winnings, game-prize attractions, and also from holding mass concert and spectator and other events (excepting sports events) in open areas, stadiums, and also in places where the number of seats exceeds two thousand, shall be subject to taxation at the rate of 70 percent.

For tax assessment purposes, material expenditures connected with the receipt of earnings are deducted from this income.

Procedures for calculating income subject to taxation shall be determined by the Belorussian SSR Council of Ministers.

Audience attendance at mass concert and spectator events in open areas, stadiums, and also in buildings where the number of seats exceeds two thousand, video salons, and casinos may be organized only on the basis of entry tickets prepared following established procedures.

Tickets shall be subject to mandatory registration in the tax inspectorate at the place where the event is held.

The sale of tickets without registration in the tax inspectorate is viewed as concealed earnings.

b) earnings of enterprises received from the provision of services by citizens on the basis of agreements concluded with them are taxed in accordance with rates established by oblast and the Minsk City soviets of peoples deputies for persons engaged in analogous types of individual labor activity;

c) Earnings from conducting lotteries, besides sports lotteries, shall be subject to taxes at the rate of 40 percent;

d) thirty-four percent of earnings from the sale of sports lottery tickets shall be directed to the republic fund of development of physical culture and sports;

e) earnings received from the leasing of state enterprises, shops, and parcels of land with production equipment, are taxed at the rate of 75 percent.

For purposes of tax assessment, the amount of rent payment received is reduced by the amount of amortization deductions, and also by the sum of expenditures for re-cultivation of leased lands.

Tax is to be remitted to the budget by the lessor once a quarter, not later than the 15th of the month following the accountable quarter.

8. Enterprises and organizations of the agroindustrial complex involved in provision of production technology, repair and manufacture of technology and equipment, and servicing of irrigation and drainage systems pay taxes on profits at the rate of 10 percent and those processing agricultural output (including consumer-cooperative enterprises)—at 20 percent. The profits of contracting construction and construction and repair organizations, received from the construction and repair of projects within the agroindustrial complex and the social sphere in the countryside are taxed at a rate of seven percent.

9. Computations of the amount of tax on the kolkhoz-worker wage fund are submitted by kolkhozes to the state tax inspectorate once a year on the basis of data from the annual kolkhoz report.

Advance payments based on a percentage of actual payments during the preceding year are made once per quarter.

The deadline for submission of advance payments is the 15th day of the second month of the quarter and for payments based on annual recomputations is no later than 1 April.

10. When computing the tax on profits, the amount of expenditures for indexing earnings accomplished at the expense of profits that remain at the disposal of an enterprise are excluded from these profits.

11. To establish that the tax on owners of transportation means and other self-propelled machines and mechanisms, introduced by the USSR Supreme Soviet Presidium ukase on 21 March 1988, entitled: "On Taxation of Owners of Transportation Means and Other Self-Propelled Machines and Mechanisms," shall not be collected from enterprises, institutions, and organizations within the territory of the Belorussian SSR during 1991.

12. Cooperatives and small enterprises in which not less than 50 percent of workers are invalids are exempted from payment of the tax on profits.

13. Exempted from payment of the turnover tax are enterprises, irrespective of their departmental subordination and form of ownership, in which invalids comprise not less than 50 percent of the total number of workers and also enterprises of societies for the blind and production-training enterprises for the blind where visual invalids comprise not less than 50 percent of the number of industrial production personnel.

14. For enterprises responsible for ensuring allocation and timely and high-quality fulfillment of state orders for products (performing work, providing services), the sum of the tax on profits received from sale of products on the basis of the state order is reduced by five percent.

15. The amount of profits received by publishing and printing houses from the issue of books and brochures in the Belorussian language is not subject to the tax on profits.

16. The Council of Ministers of the Belorussian SSR:

- before 1 March 1991, shall determine procedures for establishing and changing turnover tax rates for 1991;
- before 1 March 1991, shall develop and implement a system of supplementary tax benefits stimulating purposeful and effective utilization of funds allocated for eliminating the consequences of the catastrophe at the Chernobyl nuclear power plant, development of high-priority sectors of the republic's national economy, an increase in the production of consumer goods and

filling the domestic republic consumer market with them, the ecology, production of fundamentally new types of equipment and technology, and also benefits of a social and charitable character;

- with introduction of regulated retail prices for goods and services, to submit a proposal in the USSR Supreme Soviet concerning a review of profit tax rates from the aspect of reducing them.

17. The Belorussian SSR Ministry of Finance and the Belorussian SSR National Bank shall, before 15 March 1991, determine procedures for including and accounting for tax receipts in the republic budget.

[Signed] Belorussian SSR Supreme Soviet chairman N. Dementey, Minsk, 13 February 1991.

Estonian Deputy Minister of Material Resources on Economic Changes

914A0517A Tallin MOLODEZH ESTONII in Russian
16 Jan 91 p 2

[Interview with K. Leet, Deputy Minister of Material Resources of the Estonian Republic, by correspondent B. Mikhnenko: "It's Time to Stir Up the Bear"]

[Text] The meeting with the Deputy Minister of Material Resources of the Estonian Republic, Mr. K. Leet, contemplated a narrow and specific direction to the conversation: "How much pig iron, steel, machine-tools, timber?.." However, the conversation went beyond the limits of the jurisdiction of the ministry in question.

[Mikhnenko] What has changed with the renaming of the ESSR Gosstab into the Ministry of Material Resources of the Estonian Republic?

[Leet] Previously in Estonia there was wholesale trade. We received all resources as if under a "single heading" through the All-Union Gosstab. This system was clear-cut and well-adjusted. The role of the center, i.e., Moscow, in all the union republics has diminished since 1990. The volume of production has fallen everywhere. It was necessary to look for new ways of supplying our enterprises and to adjust oneself to the new living conditions.

[Mikhnenko] New ways have been found?

[Leet] If only everything was so simple! Moscow has proposed new working conditions: bypassing USSR Gosstab, resources are to be distributed through the union ministries and, in turn, they then to their own enterprises. Both state orders and direct ties now exist, which introduces confusion into the work. Up to the middle of October of last year there simply was no clarity in the supply system.

[Mikhnenko] But now?

[Leet] There is the edict (ukaz) of President Gorbachev about retaining the contract deliveries of last year for the first quarter of 1991. However, the previous ties have

already been disrupted. With respect to our ministry they have been restored only by 50 percent. However, I want to say that work on prolonging the contracts is continuing and this percentage may be greater tomorrow.

[Mikhnenko] It has become more difficult to work. What is the reason for such half-way contracts?

[Leet] The overall reduction of production. Many are using the independence of the enterprises for mercenary purposes and produce wealth only for themselves. They have raised the prices for their output and in money terms the plan is being fulfilled and overfulfilled. Much money but few goods. I know (I will not name them specifically) plants which now live very well: high salaries, almost every worker and employee has a car, an imported color TV set, a VCR...

[Mikhnenko] At whose expense?

[Leet] At yours and mine. There are profitable or efficient production units which obtain, for example, cars and there are those like "Estonslanets." Do you see the difference? The disproportion of labor and wages has been infringed upon. It was necessary to first produce more high-quality output, interest the people in this, and then raise earnings.

[Mikhnenko] Indeed, many are amazed: "Where has all this got to? In the years of stagnation there was everything or almost everything, and now we have 'reformed,' and there is nothing in the stores."

[Leet] That's how it is when good initiatives are turned upside down. The same thing has happened with the cooperatives. Now we are fighting what we created and we're falling over our own feet... A great number of cooperatives have multiplied which don't produce anything but are engaged in this-minute business, virtually speculation. There are very, very few producing cooperatives. One needs to give the green light to production cooperatives and not to middleman cooperatives.

[Mikhnenko] How do you think, Mr. Leet, those who deal in the stalls in cigarettes and other scarce goods at astronomical prices fall under the operation of the new republic law on the struggle with speculation?

[Leet] This question is misdirected. Everyone should tend to his own business...

[Mikhnenko] As deputy minister are you experiencing opposition to your work on the part of the "ministers" of the shadow economy?

[Leet] No. I have not encountered such opposition.

[Mikhnenko] Presently there is a tendency toward a worsening of living conditions...

[Leet] Not all think so. I often see in Tallinn young kids sitting behind the wheel of a foreign car that costs 60,000 dollars! Sitting on more than a million rubles, they think otherwise...

[Mikhnenko] How can one "sit" on a million?!

[Leet] The market, and only it, will give us the opportunity to live as befits a person in the civilized world. However, as such, there is no market now. There are certain elements of it in Estonia: quotas, licenses, taxes, prices...

[Mikhnenko] Yes, already prices grow with every passing day.

[Leet] It's an emergency measure. One must somehow stabilize conditions in the economy and defend one's home market.

[Mikhnenko] By economic borders?

[Leet] "Border?" I don't like this word. In the West there are no borders as such: a Swede can freely go to Finland and a Finn to Sweden... However, there is a customs house. The word "customs house," let's put it that way, is nearer to it.

[Mikhnenko] Isn't the reduction of deliveries from Russia and other republics to Estonia connected precisely with the idea of the "border customs house?" In your work haven't you encountered the fact that suppliers consider Estonia a "self-supporting member" of the Union and simply do not send their products here.

[Leet] No, I haven't encountered such people... I want to say that politics and economics do not depend on each other.

[Mikhnenko] They shouldn't depend?

[Leet] Economics should be beyond politics. It doesn't know borders. There is not some kind of special Western or Eastern economy. There is one—normal.

[Mikhnenko] You are not an advocate of a break with the East?

[Leet] East, West... What's the difference with whom one trades! The main thing is mutual benefit. I repeat, for me there is no political orientation in economics. We are connected by many contracts and do not intend to break them and to sever mutually advantageous relations. The difficulties are in the absence of a market. It is impossible to introduce it all at once throughout the entire Union! The entry into market relationships ought to proceed on a regional basis. Each locality has its own special features. One thing in the Baltics and something completely different in Central Asia.

[Mikhnenko] Do you think that Estonia is already "mature enough" for the market?

[Leet] Yes, for us it will be easier to do. We are pioneers in that sense. But look: all the same all the republics are

going along our path. They are using many elements of the IME (Self-Managing Estonia) program in their work.

[Mikhnenko] Why shouldn't we invite "Varangians" from the West to speed things up? You see, before, under the NEP [New Economic Policy], engineers from Germany and the United States worked with us...

[Leet] I've already talked about the special features of each region. That's why we can't copy someone's experience or system. Nothing will come of it. The approach to our problems is not uniform even among Western economists. Everyone should go his own way.

[Mikhnenko] So then, the market! It is the salvation. What is to be done with the phenomena that accompany it: unemployment, the excessive enrichment of some people and the poverty of others?..

[Leet] That's unavoidable. One cannot do as Gorbachev is doing. He falls between two stools and limits himself to half-way solutions. Therefore nothing good comes of it and the process of the transition to market relationships has been delayed. One must be more decisive in this question. The private and the state sector are to be precisely distinguished.

[Mikhnenko] But what is to be done with the poor?

[Leet] What do they do with them in Sweden?

[Mikhnenko] I can only guess...

[Leet] There's simply none of them there. The system of new economic relationships must be fixed so that everyone would live well. However, this is a protracted and complex process. Tangible relief will not come tomorrow.

At the end of the conversation Comrade Minister Mr. Leet acquainted me with a list of the enterprises subject to privatization and of those remaining subordinate to the state. I will not name these plants and factories but I will say that "Lyeek" and "Liviko" are to be a monopoly of the state. This will make some happy and will disappoint some. The list of private enterprises is short but this is still only the beginning. We have already got used to all kinds of initiatives and to their endings also... We have forgotten how to believe even in God and what is to be said about belief in people? All this is sad when they promise the same mud and slush for tomorrow. The fact is that is already the winter of 1991 out of doors.

According to the data of the International Monetary Fund, to which 152 states of the planet belong (not the Soviet Union, of course), average annual per capita income in the USSR amounts to 1,800 dollars. Can't you estimate in the mind or on paper how much this will be in our "currency?" The statistics aren't ours and somewhere there, "beyond the hill," they still think well of us... According to the same data it's \$1,890 in the South African Republic and approximately as much in Argentina, Brazil and Mexico. Is there no prophet in his own country? Perhaps. For example, the senior American

economist, Bernstein, is optimistic about our situation. He thinks that things were far worse in South Korea and Taiwan than in the USSR. Now these countries have become the "new economic tigers." Bernstein says: "The world is ready to buy Soviet goods but one must learn to produce them." They still believe in the "new economic bear" in the West. It's only up to us.

Azerbaijan Ministers Assess Republic's Economic Woes

914A0550A Baku BAKINSKIY RABOCHIY in Russian
23 Feb 91 p 3

[AZERINFORM report: "Has Not the Transition Period Dragged On?—Notes From a Meeting of the Cabinet of Ministers of the Azerbaijan Republic"]

[Text] Never before has the situation in the republic's economy been so complicated. One might even as well use the word "crisis," although still harsher definitions have been used in discussing the results of social and economic development in Azerbaijan. Among the primary reasons, mention should be made of the breakdown in vertical relations and the sharp drop in the discipline of deliveries, as a result of which, first of all, there was a breakdown in normal supplies of material-technical resources; and, as a consequence, the volume of production was reduced drastically.

As a result, national income, in comparison with the previous year, dropped by five percent and the productivity of social labor, by 5.4 percent. Profits in the national economy came down by 352 million rubles [R]. There was a sharp increase in unprofitable enterprises. Enterprises of the chemical, petrochemical, and oil-refining industries, and of the agroindustrial complex, were working especially poorly. Moreover, here, strange as it may seem, there were no so-called "objective" reasons for the drop in production.

Matters are no better with respect to the republic's budget. The income part of the state budget has been met by 94 percent. There was a shortfall of approximately R300 million in the budget. The State Agroindustrial Committee Ministry of Light Industry, Ministry of Construction Materials Industry, State Committee for Physical Culture and Sports, State Committee for Material and Technical Supply, production associations Agropromstroy, Azeravtodor, Azenergo, and others did not meet their obligations to the budget. Significant financial violations were committed by the State Fuel Committee, a jeweler's plant, and the Ministry of Local Industry. As a consequence of this, the financial situation of the republic is cause today for serious concern.

While ascertaining the real state of affairs and the shortages, the meeting participants at the same time tried to answer the question: How to work further? What are the most effective ways of getting out of the situation that has developed? What has to be done first of all?

The causes of all of our economic troubles today are associated with the transitional period. The old system of economic management is virtually completely ruined, and the new mechanism has not started to work yet. But has not the transition period dragged on? Is it not time to apply the instruments of market relations more energetically and, what is most important, more boldly? Unfortunately, many of our economic managers are demonstrating inertia, and they have assumed a wait-and-see position. But there is no one today to expect help from. It is necessary to rely only on ourselves. Here is an example: The level of concluding agreements on the whole in the republic has gone a little past 60 percent.

The situation with deliveries to Azerbaijan is catastrophic in such important materials as metal, timber and lumber, cement, road and building equipment, and transport systems. Partners are simply refusing to supply them, and they frequently set strict and not always easily workable conditions. At the same time, acutely scarce materials and raw materials are leaving the republic at almost the same flow as previously.

The time has come in the republic to establish a special organ that would coordinate and direct the actions of enterprises in establishing direct relations and accurately controlling import and export, observing, first and foremost, the interests of the republic. For robust functioning, this organ must be granted appropriate legal rights and powers.

Participants in the meeting examined and fully approved the draft of a food program and a package of economic laws of the Azerbaijan Republic that will be submitted to the Azerbaijan parliament.

A.T. Rasi-zade, first deputy chairman of the Republic Council of Ministers, spoke at the meeting.

Tajik Finance Minister on Enterprise Tax Legislation

914A0550B Dushanbe KOMMUNIST
TADZHIKISTANA in Russian 26 Feb 91 p 3

[Speech by D.L. Lafizov, Tajik SSR minister of finances, at the Fifth Session of the Tajik SSR Supreme Soviet: "Concerning Taxes From Enterprises, Associations, and Organizations"]

[Text] Comrade Deputies! The draft law: "On Taxes From Enterprises, Associations, and Organizations," which has been presented for your examination and which was developed on the basis of the USSR law: "On Taxes From Enterprises, Associations, and Organizations," sets forth principles for radical tax reform in the republic as an organic component part of the national program in the transition to a planned market economy and for ensuring a normalization of the market and money circulation.

The government is assigning tax reform an exceptionally important role in the perestroika of financial-budgetary

relations. The purpose is to make taxation equally intense and socially just, and to impartially establish the economic conditions of an identical tax responsibility to the government of all participants in social production, regardless of the methods of economic management.

In the draft law presented for your review "On Taxes from Enterprises, Associations, and Organizations," the system of taxation includes:

- tax on profits;
- tax from turnover;
- tax on export and import;
- tax on the fund for kolkhoz worker pay;
- tax regulating expenditures of resources directed at consumption;
- tax on incomes;
- tax on raw material resources and commodities taken out of the republic.

I would also like to direct your attention to the determinant criterion of the tax reform and to the democratization of the entire system of taxation and the interrelation with the budget for the creation of national monetary resources funds. From our standpoint, taxes will fulfill the production and social functions more fully and fairly than individual norms established in an administrative procedure.

The object of taxation is profit. It is also important to establish a single principle for its formation, single rates of tax, and a general system of tax benefits.

Profit within the limits of the level of profitability, which is defined for individual industries in a procedure established by the Supreme Soviet, is taxed at a rate of 45 percent. Of this, the tax on profit at a rate of 22 percent is included in the Union budget, and it is distributed at a 23-percent rate between the republic budget and local budgets in portions determined by the Tajik SSR Supreme Soviet.

In addition, the sum of the tax on profits included in the budget, pay for work resources, and also payments for natural resources (with the exception of the sum of payments relating to the cost of production—work, services) should not exceed 45 percent of the taxable profit. All of the remaining profit is available to the enterprises and is used for the purpose of social and productive development.

The redistribution of profit from collectives that are working well for the benefit of those that are lagging is abolished.

In the event that profitability exceeds the limit level, then the profit that corresponds to this increase is taxed at a rate of 80 percent, when the excess of the limit level is up to 10 points inclusively, and at a rate of 90 percent, when the excess of the limit level is higher than 10 points.

In addition, 50 percent of the sum of the tax that is calculated at these rates is entered into the Union

budget, and the other 50 percent is distributed between the republic budget and local budgets.

The confiscation from enterprises of above-plan profit at an increased rate is a necessary and temporary step. As competition and market regulation of prices develop, the increased rates will be canceled.

For state specialized banks and commercial banks, including a number of cooperative banks and insurance organizations, a tax rate on profit is provided in the amount of 55 percent.

For joint enterprises established on the territory of the Tajik SSR with the participation of Soviet corporate bodies and citizens, a rate of 30 percent if the share of the foreign participant in the charter fund exceeds 30 percent, and at a rate of 45 percent if the share of the foreign participant in the charter fund is 30 percent and less.

For sovkhozes, kolkhozes, and consumer societies, their unions, enterprises, and associations and organizations of consumer cooperatives; for public organizations and their enterprises and organizations, and also for religious organizations and their enterprises, the rate on profit is stipulated at a scale of 35 percent, and the sum of the tax is included in local budgets.

In the development of tax rates on the profit of kolkhozes and sovkhozes and other agricultural enterprises at a scale of 35 percent, the calculation is based on the fact that their profit depends on nature and climatic conditions, crop rotation, and prices for agricultural products. Also taken into account are the peculiarities of agricultural enterprises, and the limit level of profitability does not apply to them.

For production cooperatives (except for agricultural cooperatives) and their unions and associations, the tax is set in the amount of 45 percent;

For trade-purchase and public catering cooperatives (not having their own subsidiary enterprise—farm—for the production of milk and dairy products), and intermediate and entertainment cooperatives, the tax is set at 60 percent. The sum of the tax collected from cooperatives is included in the republic budget.

For consumer and municipal service enterprises that are part of the local economy, the tax rate is set by the oblast soviet of people's deputies of city and rayon subordination, but no higher than 45 percent. The sum of the tax collected from the payers is entered in local budgets.

In the application of the aforementioned tax rates on the profit of state enterprises, it is assumed, according to 1989 indices, that receipts in the republic budget will be:

	(million rubles)		
	Total	by republic economic units	by Union economic units
Profit	1086.6	824.8	261.8
Tax sum at 45 percent rate	489.0	371.0	118.0
Tax sum at 22 percent rate in Union budget	239.0	181.0	58.0
Tax sum at 22 percent rate in republic budgets	250.0	190.0	60.0
Payments from profit to republic budgets in 1990	332.0	293.0	39.0

The sum of tax on the profit of specialized banks is decreased by 1.415 million rubles for the reason that banks in 1990 paid tax at the rate of 60 percent.

In connection with the fact that production cooperatives in 1990 were taxed on income differentiated at various rates, the draft law stipulated a tax rate at a scale of 45 percent of profit, and the sum of the tax is reduced by a factor of two.

A favorable rate of 15 percent is stipulated for the taxation of incomes of enterprises that are received from shares of stock, bonds, and other securities, and from share holding in joint enterprises that should stimulate the creation of joint stock companies and the development of a financial market.

USSR laws have broadened the rights of labor collectives significantly in determining the resources that are being allocated to the payment of wages.

The state tariff rate can be employed only as a guide for the calculation of wages.

Under these conditions, to create equality in taxation, a single procedure has been established for all enterprises in the calculation of the untaxable amount of the wage fund pertaining to cost, without limiting the size of this fund. It will be drawn up by enterprises independently. However, the untaxable part of the fund is subject to standardization. This will influence the degree of equality of the profit of all types of enterprises that are taxed.

The law provides for the possibility of granting enterprises three types of tax benefits: a decrease in the sum of the taxable profit, a reduction in the tax rate, and a deduction from the calculated tax sum.

Benefits of a social nature occupy an important place. Thus, freed from taxation are expenditures of enterprises at the cost of profit for maintaining health facilities, children's preschool establishments, and the housing fund; expenditures associated with the conduct of environmental protection measures, for charitable purposes, and for ecological and health improvement funds; and benefits that prompt labor collectives to accelerate scientific-technical progress.

With the transition of the republic to a market economy and self-financing, a sharp drop of the income part of the

budget against expenditures requires that we find additional sources for strengthening the income part of the budget; that is, to introduce new types of taxes that are obtained from resources that are created in the sphere of material production of the republic.

Until 1990, that insignificant sum of investment that was allocated to the republic from the Union budget, in fact, did not cover the expenditures associated with the extraction and production of raw materials that were taken outside the republic's borders. In this connection, the draft law provides for the taxation of resources and products taken outside the republic's borders. This is cotton fibers, wool, Astrakhan fur, gold, canned fruit and vegetables, dried fruit, melons, vegetables, grapes, and other products.

Taxpayers are all enterprises that conduct entrepreneurial, commercial, and economic activity and who sell raw material resources and commodities outside the borders of the Tajik SSR.

The tax on raw materials constitutes a form of confiscation for the budget of part of pure income formed as a result of the differences in the level of the internal prices of the Tajik SSR and prices beyond its borders.

The list of raw materials and commodities whose export is taxed is determined by the Cabinet of Ministers of the Tajik SSR.

The law stipulates the right of the government of the republic and local soviets of people's deputies to grant additional benefits in the tax on profit within the limits of the sums of tax included in their budgets.

Together with this, a statute is being submitted for review by the Supreme Soviet of the Republic on the collection of republic and local taxes on the territory: a tax on the profit of foreign corporate bodies for activity on the territory of the Tajik SSR and a tax on incomes of foreign corporate bodies not associated with activity in the Tajik SSR.

The draft of the law also makes provision for taxpayer duties, measures and responsibilities, procedures for exacting taxes for the budget or reimbursing from the budget taxes that were incorrectly paid, control over tax organs for the correctness of applying tax laws, and also

complaints against the actions of officials of tax organs. All of this conforms to Union law.

We request that the proposed law be approved.

REGIONAL INVESTMENT

Gold Fields Discovered in Ukraine

LD1103101291 Moscow All-Union Radio Mayak Network in Russian 0615 GMT 11 Mar 91

[Excerpts] You know comrades, we have always thought that Yakutia and Chukotka are our main gold fields, but the Ukraine may join them in the near future. The point is that gold-bearing fields have been discovered in Dnepropetrovsk oblast. A total of one billion rubles have been allocated to the collective of the Russ South Ukrainian Geology (Yuzhukrgeologiya) production association for carrying out research of the gold-bearing fields. Over to our correspondent Gennadiy Klimov:

[Klimov] Gold always attracts, even when it lies at the depth of nearly 100 meters. [passage omitted] I am talking to Eduard Petrovich Malyarov, director general of the association. There is a sample of a mineral on his desk. There are hundreds of grams of gold in a ton of such a mineral. This is a high figure.

[Malyarov] Of course, Gennadiy Ivanovich, this is a unique sample and we cannot assume that there is the same content of gold in the rest of the ore in the area. This is only a sample and we still must determine if it is a real gold deposit. I must say that the country does not need Ukrainian gold in general at present. The country has sufficient gold reserves and a well-developed gold mining industry in the eastern part of the country. But, it is very important for Ukrainian people, for the republic, in conditions of sovereignty, when the law on economic independence is introduced here. In these conditions, I think it is quite significant.

[Klimov] To all appearances, the Ukraine will become a gold mining republic. Prospecting for the precious metal has also been carried out in Zhitomir oblast and in Transcarpathia.

INTERREGIONAL, FOREIGN TRADE

Armenian Decree Imposes Sales Tax on Goods, Services

914A0541A Yerevan GOLOS ARMENII in Russian 20 Feb 91 p 1

[ARMENPRESS report: "In the Republic of Armenia State Committee on Economy, Ministry of Finance, Ministry of Trade, and the Board of the Armenian Union of Consumer Cooperatives"]

[Text] By an Ukase of the USSR President of 29 December 1990, effective 1 January 1991, a sales tax in the amount of five percent will be imposed on sales of

products for industrial-technical use, consumer goods, and labor and paid services—with the exception of city public transportation services.

The ukase establishes procedures for collecting taxes in the amount of five percent on the sale of goods purchased through retail stores or public catering facilities, and on the value of services rendered.

In accordance with the ukase, all goods entering the republic are subject to the sales tax, which is entered into the budget by enterprises on a mandatory basis and in accordance with payment documents submitted to bank branches by suppliers.

As a result of this ukase, the Republic of Armenia Council of Ministers resolution No. 35 of 17 January 1991 establishes a sales tax in the amount of five percent to be imposed on sales of products for industrial-technical use, consumer goods, and labor and paid services.

The sales tax paid by the population is to be effective 18 February 1991.

The sales tax will be used as an additional financial resource for implementation of the republic social and economic programs.

Kazakh Law on Foreign Economic Activities

914A0541B Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 17 Jan 91 p 2

["Law of the Kazakh Soviet Socialist Republic on Basic Principles of Kazakh SSR Foreign Economic Activities"]

[Text] This Law determines the basic principles of the foreign economic activities of the Kazakh SSR [Soviet Socialist Republic], procedures of state regulation, and the powers of Kazakh SSR state organs in the area of foreign economic activities in the course of republic's transition to a market economy.

Article 1. The Definition of Foreign Economic Activity

In the Kazakh SSR, foreign economic activity is defined as activity by legal entities and citizens which encompasses economic, trade, currency, scientific-technical, cultural, and other relations with foreign legal entities and citizens.

Article 2. Subjects of Foreign Economic Activities

The following entities, registered in the Kazakh SSR as participating in foreign economic activities (foreign economic relations), may be subjects of foreign economic activities in the Kazakh SSR regardless of property forms:

- legal entities and citizens of the Kazakh SSR;
- legal entities and citizens of the Union republics and stateless persons;
- foreign legal entities and citizens.

Article 3. Legislation Regulating Foreign Economic Activities

The foreign economic activities of the Kazakh SSR are regulated by this Law, by Kazakh SSR and USSR international agreements, by the Union treaty, and by other Kazakh SSR legislative acts unless they contradict this Law and international rules and norms.

Article 4. The Purpose of the State Regulation of Foreign Economic Activity

The purpose of state regulation of foreign economic activities is a balanced socioeconomic development of the Kazakh SSR on the basis of effective management of foreign economic activities and perfection of the instruments for implementing the republic's foreign economic policy.

Article 5. The System of State Regulation of Foreign Economic Activities

The system of state regulation of foreign economic activities includes:

- registration of participants in foreign economic activities;
- declaration of goods and other property crossing the state border;
- procedures for export and import of goods (labor, services);
- measures of current management of foreign economic activities.

The said system covers all types of foreign economic activities, including direct production, scientific-technical and cultural relations, shore and border trade, and barter operations, and all participants of foreign economic activities.

Article 6. The Powers and Responsibilities of State Organs in Regulating Foreign Economic Activities

State regulation of foreign economic activities is done by the Kazakh SSR Ministry for Foreign Economic Relations, the Kazakh SSR Ministry of Finance, the Kazakh SSR State Bank, local soviets of people's deputies, and other organs stipulated by Kazakh SSR legislation. Their powers in regulating foreign economic activities are defined by Kazakh SSR legislation and by statutes adopted in accordance with established procedures.

It is not permitted for state administrative organs and officials to interfere in the economic activities of participants in foreign economic relations.

Article 7. The Rights of Subjects of Foreign Economic Activities

Subjects of foreign economic activities, regardless of the forms of property and types of activity, have equal rights

in carrying out these activities, and, within the constraints of existing legislation, in solely determining the type, volume, and directions of their foreign economic activities.

Participants in foreign economic activities have a right to open accounts in Kazakh SSR banks, Union republic banks, and foreign banks.

After-tax profits earned by subjects of foreign economic activities, including those in hard currency, remain in their sole possession.

Article 8. Responsibilities of Subjects of Foreign Economic Activities

Subjects of foreign economic activities are obligated:

- to observe international norms and rules applicable to similar branches in their conduct of production and other activities;
- to strictly observe environmental protection legislation and to guarantee work and research safety;
- to supply, in accordance with established procedures, bookkeeping and statistical documentation to state organs regulating foreign economic activities.

Article 9. Guarantees of Rights and Interests of Subjects of Foreign Economic Activities

The Kazakh SSR guarantees protection of the rights and legitimate interests of the subjects of foreign economic activities.

The Kazakh SSR does not permit nationalization of property of participants in foreign economic activities.

State organs and their officials do not have the power to restrict the rights of subjects of foreign economic activities, with the exception of circumstances stipulated by legislation.

Subjects of foreign economic activities are entitled to restitution for losses inflicted by state organs and officials.

Article 10. Responsibility of Subjects of Foreign Economic Activities

Subjects of foreign economic activities are liable, in material and other respects, for damages inflicted on the state and on other legal entities and citizens.

The Kazakh SSR is not responsible for obligations incurred by participants in foreign economic activities. Participants in foreign economic activities are not responsible for Kazakh SSR obligations.

Article 11. Suspension of Operations of Subjects of Foreign Economic Activities

Operations of subjects of foreign economic activities may be suspended by the Kazakh SSR Cabinet of Ministers upon a request from the Kazakh SSR Ministry for

Foreign Economic Relations and other organs enumerated in Article 6 of this Law.

Article 12. Resolution of Disputes

Conflicts between subjects of foreign economic activities in the Kazakh SSR and the republic's state organs or Soviet or foreign legal entities are resolved by State Arbitration organs, Kazakh SSR courts or, upon agreement of the parties, in arbitration court.

Article 13. Special Provisions for Carrying Out Foreign Economic Activities

Provisions for carrying out foreign economic activities in free economic zones and through concession contracts are determined by Kazakh SSR legislation.

[Signed] N. Nazarbayev, president of the Kazakh Soviet Socialist Republic

Decree on Implementing Kazakh Law on Foreign Economic Activities

914A0541C Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 17 Jan 91 p 2

["Decree of the Supreme Soviet of the Kazakh SSR on Enacting the Kazakh SSR Law 'On Basic Principles of Kazakh SSR Foreign Economic Activities'"—KAZAKHSTANSKAYA PRAVDA headline]

[Text] The Supreme Soviet of the Kazakh Soviet Socialist Republic resolves:

1. To enact the Kazakh SSR law: "On Basic Principles of Kazakh SSR Foreign Economic Activities" effective 1 January 1991.
2. The Kazakh SSR Cabinet of Ministers will:
 - publish an instruction on the procedures for registering participants in foreign economic activities in the Kazakh SSR;
 - bring resolutions of the Kazakh SSR Government into accord with the Kazakh SSR law: "On Basic Principles of Kazakh SSR Foreign Economic Activities."

[Signed] Ye. Asanbayev, chairman of the Kazakh SSR Supreme Soviet

PRICES, BUDGET, FINANCES

MENATEP Interbank Association Rebuts Nonregistration Charges

914A0507A Moscow MOSKOVSKAYA PRAVDA in Russian 11 Jan 91 p 2

[Report of a press conference held by executives of the MENATEP International Banking Association, following charges that they were operating without a license

by the RSFSR Central Bank, under the rubric: "You Requested an Explanation": "Are MENATEP's Billions Legal?"]

[Text]

At the RSFSR Central Bank

On Tuesday [8 January] the editorial staff received a news bulletin, the full text of which follows:

Certain mass media publications recently carried advertisements inviting enterprises and citizens to acquire stock shares, promissory notes, and certificates of deposit issued by the MENATEP International Banking Association.

In this connection the RSFSR Central Bank has made the following statement:

"The MENATEP International Banking Association, together with the Innovative Bank for Scientific and Technical Progress (KIB NTP), while serving as a source for the issuance of securities, is not registered with the RSFSR Central Bank and lacks the proper licensing to function in this capacity.

"Moreover, MENATEP has not submitted to the RSFSR Central Bank the information required regarding its financial condition and organizational structure.

"Mindful of this, the RSFSR Central Bank deems it necessary to inform potential investors—individual citizens as well as corporate entities—that it bears no responsibility for the activities of this association."

At a Press Conference

On this same day, MENATEP held a press conference at which executives of the association, at the request of our correspondent, commented on the statement made by the RSFSR Central Bank.

"Our bank, which serves as the focal point of the Association's activities, was established on 29 December 1988, a time when there were no regulatory statutes requiring registration with republic agencies," said G. Vorobyev, chairman of KIB NTP and a member of MENATEP's Board of Directors.

"Furthermore, the Association is made up of commercial banks situated in other republics—for example, in Estonia, Armenia, and the Ukraine. Economically, MENATEP is the legitimate offspring of perestroika, as reflected in official decisions by the USSR Ministry of Finance and the USSR State Bank.

"We have not needed to be licensed inasmuch as the issuance of securities is within the purview of our prescribed activities. The specific form of stock certificates and legal documentation is in accordance with the requirements of the USSR Ministry of Finance and is registered with them.

"As for our responsibility, once again, that is set forth in our charter, and we continually stress this in our dealings with our clients: The state banking system bears no responsibility for MENATEP, nor does MENATEP bear any for the state.

"Of course, we respect the law, and we will complete registration with the RSFSR Central Bank, which incidentally commenced operating in this capacity only recently. We are required to do so by law in the year 1991—but not in the first few days of it, and not on weekends.

"We are ready right now to comply with the instructions of the RSFSR State Bank—provided, of course, their instructions do not contradict those of the USSR State Bank Law."

Director of Public Affairs L. Nevzlin, who is also a member of MENATEP's Board of Directors, stated:

"We are flattered by the heightened attention we have received from the RSFSR Central Bank. We only regret that it smacks of an attempt, even in the absence of argument, to compromise the new economic structure. It is as if they wanted to draw us into a political tug-of-war between the Center and Russia. But we are not engaged in any such games, nor do we want to find ourselves between a hammer and anvil. Moreover, the scale of MENATEP's activities and the extent of public recognition it enjoys with the issuance of stock shares is such that it can no longer be compressed into a Procrustean Bed of obsolete notions.

"Currently, we unify the activities of 17 independent commercial banks, two insurance companies, a trading company, and about 30 industrial enterprises, providing for the turnover of about a hundred million rubles in industry, R300 million in trade, and R5 billion in finance capital. It is expected that in 1991 the number of banks in MENATEP's system will reach the hundreds and that the total circulation will reach R9 billion.

"At the end of December, for the first time in the experience of the Soviet Union, we undertook the unrestricted sale of stock shares, as reported in MOSKOVSKAYA PRAVDA. We have received from enterprises and individual citizens applications to acquire stock amounting to half a billion rubles. Three hundred and fifty million rubles' worth of stock shares have already been sold. MENATEP is becoming a people's bank, and this, you will agree, is the best guarantor.

"A noteworthy detail. The procedure we undertook, and extremely successfully, to provide a public channel for the flow of so-called 'hot' money is designed ultimately to revitalize the financial situation. Any bank should be happy to be the repository of vast sums of available money. Yet only with great difficulty were we able to persuade the Moscow branch of the RSFSR Central Bank to accept these funds—despite the fact that we pay it a 'conversion fee' of 10 rubles per thousand."

Georgian Prime Minister on Budget, Economic Issues

914A0540A Tbilisi VESTNIK GRUZII in Russian
22 Feb 91 pp 1-2

[Interview with Tengis Sigua, chairman of the Georgian Republic Council of Ministers, by Ketevan Amiredzhibi, VESTNIK GRUZII correspondent; place and date not given: "Consistency and Realism"]

[Text]

[Amiredzhibi] The Georgian public is treating with great understanding the efforts of the government of the republic aimed at the stabilization of the economy and the establishment of direct (treaty) relations with Lithuania, Estonia, the Ukraine, Azerbaijan, and other republics. Explain, please, how these contacts will benefit Georgia today, and whether they will help resolve our pressing problems and ease the food shortage?

[Sigua] In adopting the law on the declaration of a transitional period, the parliament of the Georgian Republic had in mind that the decree on state sovereignty, whose material base should be an independent national economy, cannot be a one-time act. The resolution of political, economic, and social tasks that arise in this process requires a certain time, particularly since our activity is taking place under unfavorable conditions, especially in economic relations. Today, we cannot fully implement a structural perestroika of the republic's economy, fully repudiate directive approaches, and switch the economy to market relations, inasmuch as in the present stage a main task faces us in all of its severity—to escape from economic catastrophe and administrative paralysis.

Under conditions of abolishing centralized distribution and the transition to direct relations, supporting the vital functions of the republic, first and foremost its food and resource supplies, has proved to be a very difficult task. These are difficulties not only for Georgia but for practically all of the republics that are firmly related by the "eternal bonds" of the so-called single national economic complex of the USSR. The reasons are well known: excessive centralization of management of the economy, in which for decades questions on the disposition of productive forces were decided not only without considering the national interests of the Union republics that were declared to be sovereign states but in contradiction to them. Under conditions of producers' monopolies and unilateral specialization of the economies of the republics, the so-called single national economic complex of the USSR developed into an ineffective and immobile structure. Its component parts in the form of the Union republics' economies possess a severely limited capability for autonomous functioning and their activity depends to a decisive degree on production ties outside the republics. Let us take our Georgia. The work of its national economy depends exclusively on resources brought in from outside. I will remind you that these resources account for one-fourth

of the electric power consumed in the republic, almost the entire volume of oil and gas, nine-tenths of the industrial wood, three-quarters of the grain, one-third of the meat, and three-quarters of the milk and dairy products. Together with this, it is no secret that machine building in Georgia is not very oriented to the needs of the economy of the republic, and the technology, machines, and equipment we need are essentially brought in from other regions of the USSR. However, the trouble is not that we bring in resources, because today countries that are developed in an economic sense are included to a maximum extent in world economic relations, and not one of them is able to abolish these. The difficulty for us, in contrast to developed countries, lies elsewhere—our severely limited financial-economic capabilities do not permit changing suppliers and switching over to more effective sources of resources.

The dependence of our economy on outside resources, particularly food, was especially intensified by the single crop specialization of its largest sector—the agroindustrial complex in subtropical and southern crops. Quite recently, Georgia supplied to the all-Union fund, in natural form, one-third of the potatoes prepared in the republic, one-fourth of the fruit, almost half of the citrus; and, taking canned fruit and vegetables into account, supplies of this produce exceeded 60 percent. Sixty percent of the grape wine produced in Georgia, three-quarters of the champagne, nine-tenths of the cognac, 96 percent of the tea, and a substantial part of other products are also delivered to other republics.

It should be noted: increasing the dependence of our economy on production relations inside the USSR occurred under conditions of a sharp limitation on opportunities for going out on the world market, and, indeed, these limited relations evolved ineffectively. For example, the export of products delivered outside Georgia constitutes about five percent, but the import of products brought in exceeds 20 percent.

Naturally, under these conditions, a sudden breakdown in the production relations that evolved over decades is rather dangerous for our economy. There is an inevitable emergence of quite complicated and painful processes that are fraught with the danger of powerful destabilization.

Of course, we have every right to blame this on the imperial policy of the center and the lack of foresight of our predecessors, who, without any particular opposition, put the vicious policy into effect. However, all of this is not enough to change the situation or resolve the economic tasks of 1991.

I will say frankly that we are faced with unbelievably difficult tasks. And it is not so much that we are compelled to preserve the existing and not very effective economic ties but that we are faced with a dilemma—how to preserve them?

The deep economic and political crisis, and the increasing rates of inflation and stagflation, have led to a

breakdown in the previously existing production relations. There has been an excessive strengthening of the diktat of monopolist producers who, under conditions of total shortages and depreciation of the Soviet ruble, are only going into natural barter transactions and demanding convertible hard currency for their own commodities.

Under the conditions that have evolved we must work for economic cooperation with the Union republics, many of whom, like us, are simply struggling against the diktat of the center. Therefore, there was a signing of treaties and agreements with a majority of the republics on cooperation in the sphere of economic and cultural development. An agreement was reached on the preservation of economic relations at the level of 1990 with practically all of them. This created the possibility of acquiring resources to furnish vital functions of the national economy, ensuring food supplies for the population, and not allowing its further worsening. The success of the matter here depends on the ability of our supply organs to work and on the ability of our leaders of ministries and enterprises who must implement these agreements with their old partners in specific direct economic treaties on the supply of products and raw materials. Simultaneously, important significance is taken on by the search for new alternative suppliers and consumers under conditions of gradually broadening elements of the market economy, both here and in the other republics.

I will emphasize especially: the need to stabilize the economic situation has become obvious even to the center, where they understand very well the inevitability of an immediate calculation of the tasks of the republics. This made it possible to conclude an economic agreement between all republics after consideration of its draft at a Federation Council conference.

The agreement should preclude further attempts of an economic blockade or other discriminatory restrictions with respect to the republics who firmly rejected the signing of a Union treaty.

But such attempts are continuing. One of them is the actual disarming and confiscation of thousands of units of firearms from the MVD [Ministry of Internal Affairs] of the republic, which puts our militia in a difficult position vis-a-vis increasing and insolent crime and the unceasing attacks of well-armed Ossetian extremists. But then, a whole propagandistic provocative orgy was quickly organized around my letter to the general director of the NPO [scientific production association] Tula Small-Arms Factory, which was dictated exclusively as an attempt to strengthen law and order and to guarantee the safety of citizens of Georgia. However, we must not get used to such methods. We must not fail in our tenacity and presence of mind.

[Amiredzhibi] The privatization of state property is a very critical question for the current situation. What will be the first steps of the government of Georgia in this direction?

[Sigua] There is no alternative today to the market economy. But so that this mechanism would operate on full power, there is a need for producer competition, various forms of property, and its diversification. Therefore, a realistic transition to market relations will start only with the beginning of the denationalization of property. And a majority agrees with this. But there is still no united opinion on the ways and dates for implementing this very complex socioeconomic process, which should radically change the entire ineffective economic structure that evolved over the decades.

I should note that the economic platform of our parliamentary majority recognizes in this process as well, the necessity for a phased and gradual implementation of the planned objective—the denationalization of property. With this consideration, that there remain in the state sector only those enterprises whose vital functions on principles of private enterprise are not expedient at the present stage.

This position, in fact, will become the starting point for our work. The problems of privatization are complicated and very serious. According to the estimates of our economists, the proportion of state property, which at the present time is almost nine-tenths of the productive basic funds, can be brought to 30 percent in three to five years—that is, to less than one-third. Considering that the resources of the population that are deposited in savings bank institutions amount to 9.5 billion rubles [R], and the value of the basic funds in the state sector exceeds R34 billion, privatization can be implemented here not only by a direct purchase of state property by the population (although this way has to be used to the maximum), but also owing to the sale of stock on credit, capitalization of part of the funds, production and social development, installment sales, and also in other ways. The implementation of privatization should be started first in small and average enterprises in the area of production of consumer products, agriculture, construction and building materials, local industry, motor vehicle transport, and, especially, in the trade and service area.

In agriculture, all means of production will be subject to privatization, with the exception of land which, as agrarian reform proceeds, will be transferred primarily to individual peasant units with the right of inheritance but without the right of transfer. I think that this restriction, because of our peculiarities—shortage of arable land, demographic situation, etc., will find understanding and support among the broad strata of the population. Along with the means of production, of course, there will be privatization of facilities of the social infrastructure, first of the state housing fund, but with consideration for the protection of the legal interests of the citizens.

All of this, of course, is only a schematic depiction of the huge amount of work in the privatization program, whose implementation, after ratification by the Supreme Soviet or the government of the republic, should be entrusted to a special governmental organ established

specifically for this purpose: Its main task is to ensure the transfer of property into the hands of honest and capable managers, but not to operators in the shadow economy.

[Amiredzhibi] The republic's state budget for 1991 was ratified in a very sharp debate, and, in addition, it was approved with a 25-percent deficit. What are the reasons for the deficit, and how does the government plan to straighten out the situation?

[Sigua] The 1991 state budget has brought all of our troubles and difficulties into focus, and here, literally as if in a mirror, is reflected that deep economic crisis that the economy of the USSR is going through, and that of Georgia, which has not been able yet to tear itself away from a vicious economic system. But this, so to speak, is a closeup of the problem. Now about the specific causes: The center was able to shift from the USSR state budget to the budgets of the Union republics many areas of financing that require major expenditures, without transferring appropriate sources of receipts. Moreover, traditional republic sources were cut off.

Thus, Union organs increased the purchase prices for agricultural products and raw materials significantly, but the Union republics were charged with reimbursing the differences in prices for these products. As a result, the expenditures of the Georgian 1991 budget are increased by more than R1.5 billion.

Budget expenditures are increasing significantly on other items as well—in connection with an increase in pensions and various types of social measures that are being conducted without corresponding economic conditions, etc. Expenditures are being increased on the maintenance of budget organizations in connection with the rise in tariffs on electric power, transportation, an increase in wholesale prices, etc. The republic has repeatedly raised the question on the unacceptability of the distribution of tax on profit between Union and republic budgets stipulated in the USSR Law on Taxes From Enterprises, Associations, and Organizations. The 22-percent tax on profit enumerated in the Union budget on all enterprises and organizations would cause a substantial reduction of income in the republic state budget, etc. But we have firmly resolved not to give in to the USSR Ministry of Finance, and we included all possible sources of receipts of financial means in the state budget of the republic, with the exception of part of the tax from profits of enterprises of so-called Union subordination, and this is because our present financial and economic status does not now permit us to take these enterprises into our own hands.

The formation of the budget has affected the question of prices. They can be increased only for products that do not belong to the indispensable category. If there is a need to increase the price of meat, milk, and bread, then we will go along with this only with the concurrence of the people and with mandatory compensation to the population. And the aim of such a measure is by no means to replenish the treasury, but to knock the ground

out from under the feet of intriguers who are lining their pockets on the difference in prices that are subsidized from the state budget and are the basis of operations in commodities that are in short supply.

To reduce the deficit in the state budget we were compelled to go along with a reduction in its expenditures in part owing to the excessive limitations on centralized capital investments. To increase the income part, along with the aforementioned measures, receipts are also being planned from the privatization of state property.

An important direction in the improvement of the financial condition of our economy is the conduct of a strict regime economy, reducing to a minimum nonproductive expenditures, losses from waste, etc., etc.

[Amiredzhibi] Today, the population has no confidence in money, and this means also in the Union Government, which is printing money as fast as possible, ruining the republic. Will the Georgian Government introduce its own new currency?

[Sigua] The question is not an easy one. Our own national currency is the most important attribute of national state independence and the basis of independent economic development. To introduce our own currency, appropriate economic preconditions are necessary that ensure the stability of our monetary unit, the possibility of its convertibility into foreign currency, and the reduction to a minimum of the dependence of the economy of the republic on the economy of the USSR. These possibilities do not exist now. But as soon as we are able to reinforce our monetary-credit economy, we will also introduce our own Georgian money.

As for the protection of the republic market, in which our own currency can play a not unimportant role, then before the introduction of Georgian money, we will be compelled to employ other measures.

[Amiredzhibi] Any, even the most progressive, economic program is doomed to failure without taking into account the requirements and the wide application of the achievements of scientific-technical progress. How can the scientific-technical potential be more fully activated and what steps does the government have to take in this direction?

[Sigua] What are the defects of a directive-planned economy? First and foremost, its inadequate receptivity of innovations, on which the quality and effectiveness of production depend. The transition to market relationships will make it possible to create a market of scientific-technical production that we need so badly, where competition will reign; and this, you know, is the most powerful incentive for progress in any sphere. At the same time, the reality of the present stage of development of the economy is such that it needs, first and foremost, the development of a long-term scientific-technical policy at the state level, and forms and

methods for its implementation. In doing this, the principle of state support for our basic science will be maintained. That is the general concept.

Basing itself principally on economic methods of regulating scientific-technical progress, the government must implement measures for the formation of its economic mechanism. Reorganizations are needed concerning scientific-technical progress in the spheres of property relations, tax and finance-credit, price formation, state support of innovative activity, and in the development of the infrastructure of science that is oriented on expanding the market mechanism, and many other areas. It will not be very easy to carry out such a change.

The narrow specialization that exists in the republic, which, besides, is a task set from without, can have serious consequences in the event of changes in the state of the market, changes in technology, and reorientation of partners to other regions. Under such conditions, there is a need to conduct an aggressive selective policy in the economy and, accordingly, a coordinated determination of priority of directions in scientific-technical directions, most of all the priority directions of scientific-technical development, where breakthrough results can be or already have been achieved. And they must become the nucleus of the future economic complex of the republic.

[Amiredzhibi] One of the effective ways of improving the economy is the creation of joint enterprises, and world experience convinces one of the effectiveness of open economic zones. Does Georgia need them? How does the government of the republic intend to further these processes?

[Sigua] We consider the inclusion of the economy of the republic in international integration to be one of our paramount tasks. The ways you mentioned can also lead to this, and under contemporary conditions they can be the most important channels for attracting foreign capital to our economy.

The establishment of joint enterprises with foreign partners was started in Georgia two years ago. At the present time, they number about 60. Among the partners are firms and employers of the United States, France, Germany, Italy, Canada, England, Australia, and Finland. On 1 July 1990, the charter fund of joint enterprises constituted R135 million, including R55 million, or 41 percent, that is accounted for by foreign firms.

However, there is some concern that in a half year these joint enterprises exported products only for R122,000, and products were brought into the republic for R2.75 million, and, of this sum, R1.681 million is accounted for by the joint enterprise Marten. They sold commodities for R26.9 million on the Soviet market, and, of this, R14.9 million was sold by the SP [joint enterprise] Marten. A number of SP's, despite the fact that several months have already passed since their formation, have still not started to function. If everything continues to move along at this pace in the future, we will derive little

benefit from joint operations! And this attests to the need to introduce strict order here and to attract qualified specialists and firms that can be trusted completely. The government intends to give special consideration to this question.

Even more complicated is the question about open, free zones. World experience convinces one of their utility. However, we will not be able to copy either a huge country like China, or a small state like Singapore. It is no problem for the first to give up a part of its huge territory, and the second falls completely in an open zone. But what effect will the separation of one or

another city or region from the rest of the republic have on economic and political relations? What will the foreign and domestic situation be here in the republic and in the USSR? How can they influence the fate of the unopen part?

Numerous other questions also arise. They must be studied carefully, and ways must be found to get out of one or another possible situation, and only then must a decision be made simply, but unconditionally, and only with benefit for Georgia, its sovereignty, and its economy.

AGRO-ECONOMICS, POLICY, ORGANIZATION

Nikonov Speaks Out in Favor of Union

914B0121A Moscow SELSKAYA ZHIZN in Russian
14 Mar 91 p 1

[Interview with Academician A.A. Nikonov by A. Chupakhin: "The Meadows and Rivers Unite Us"]

[Text] The peoples of our state, which has taken shape over centuries, are today confronted with the main question: Will it continue to be a great world power? It is we who have to answer. All together and each individually, having consulted reason and conscience. But many people had already made their choice prior to the start of the referendum even. What is it and on what is it based?

Readers of SELSKAYA ZHIZN will most likely be interested in learning the opinion of Academician A.A. Nikonov, people's deputy of the USSR, president of the V.I. Lenin All-Union Academy of Agricultural Sciences, and well-known scientist and public figure.

[Nikonov] My answer to the question concerning preservation of the Union is only in the affirmative. A firm answer, without any hesitation, since it has been thought through and produced comprehensively. And by no means from "imperial" considerations: Should we, say, destroy what has been created by our forefathers and washed by them many times over by their blood in hard battles against all kinds of conquerors. Even such a consideration cannot be disregarded. But what is most important lies elsewhere. The modern level of development of civilization objectively demands a unification of the efforts of peoples and states. Without integration, that is, an aggregation of countries' disconnected economic, natural, spiritual and intellectual potential, not only the continued progress of mankind but also its very survivability are impossible.

Even without the global facts, we can see from our own sorry experience to what disconnection leads. There was a unified state (we will not go into here the legitimate criticism thereof), and the economy at the very least functioned, satisfying urgent requirements. But there was then a rupture, and ties between republics and regions partially collapsed, and industrial production was immediately put in a feverish condition. Goods disappeared from the shelves. Agriculture held out somewhat longer—on account of the particular characteristic of the peasantry, whose activity is more harmoniously linked with nature. It has now reached the latter also—this was demonstrated in all its sorry glory last year. The peoples of the country, I emphasize, all peoples, all republics, have found themselves at the edge of the economic abyss.

So I wonder: Are we in a position to move away from this edge individually and find the road leading to a decent

future? As a specialist in the field of economics, I assure you that this is beyond the capacity of each individually. Even the biggest republics.

[Chupakhin] But, Aleksandr Aleksandrovich, the economic ties that are currently being put forward as a principal argument in support of the Union have many times over demonstrated their inefficiency, even in times of the republics' firm political and ideological welding. Should we really be oriented toward them once again?

[Nikonov] Under no circumstances. The road back is the way to that same abyss. Resuscitation—revitalization by all means available—is possible only as a short-term action. Subsequently the organism—biological or social—has to restore vital forces naturally. It is this that shows through in the future union of sovereign republics. A strong community may be created only with regard for the sovereignty of each state formation which is a part thereof. The peoples must unite voluntarily, having recognized the need for this. That which is stuck together forcibly is short-lived.

[Chupakhin] Let us assume for a moment that the Union has fallen apart. The republics have dispersed, figuratively speaking, to their own individual apartments and closed the doors and windows on one another. How might this be reflected in agriculture and the production of what is most important—food? After all, it is no secret that, given the disputes of various politicians, voices to the effect that "we will feed ourselves" are being heard in the republics....

[Nikonov] The profoundest delusion. Quite apart from the world practice of the division and cooperation of production, let us take a look at our own garden. Climatic and natural conditions and the age-old traditions of the peoples have in each zone crystallized out their own agro-culture. In some places animal husbandry is predominant, in some places, vegetable growing and potato growing, wheat grows well in some republic, in another, cotton, some people cultivate fruit, others, sugar beet. Doing away with the evolved structure of agricultural production is contraindicated economically and socially. Were such a thing to happen, not only the economy but the environment would be destroyed also....

[Chupakhin] But, surely, it is the environment that is being destroyed under the present system. I refer to the single-crop economy. Cotton has simply stifled Uzbekistan and Turkmenistan, which are beneficial to its growth, and the unlimited nature of Kalmykia's sheep breeding has reduced its steppe to a state of degradation. And there are hundreds of such examples.

[Nikonov] All very true, as is also the fact that this has been done in defiance of science. A new, not simply somewhat renewed, but fundamentally new union of sovereign republics with the inalienable right to manage on their own land and fully responsible for this to their

people and the community of peoples as a whole would in the future prevent such excesses.

The recently published draft "Treaty on the Union of Sovereign Republics" says plainly that this would be a sovereign democratic state formed as a result of the voluntary unification of equal republics.

I have already said that extreme measures are possible within a strictly limited period, but not as a system. The command administrative state structure represented such measures. Justified in the difficult postrevolution times, it proved devastating subsequently. Today we are not only witnesses to its very belated replacement by a natural system constructed on mutual interest and expediency, but also the direct participants in this event.

[Chupakhin] Aleksandr Aleksandrovich, when it is a question of "dispersing to one's apartments," one involuntarily wonders whether it is possible to so easily and simply erase the former community from the human memory. I personally cannot conceive of this.

[Nikonov] I confess, I cannot conceive of it either. I am from parts where villages of Russians, Latvians, Belorussians, and Poles were not separated but united by the common meadow and the one river. I studied in Riga, but some of my Latvian landmen, in Moscow. I now work here, in the capital of Russia and the country, but graduates of Moscow State University, in Riga and Vilnius. Territory may ultimately be cut by a border, and one village fenced off from another by barbed wire. But how to sever the psychological connection of living human souls that has taken shape over centuries and, at times, millennia? Is there barbed wire that stops the song of the Latvian following the plow on the same land with the Russian and Pole?

We did, indeed, have a time when people wanted to divide science also into "ours" and "others." What the result of this was is well known. We were both losers. But we, immeasurably more so. Because "they" did not fence themselves off from one another and did not look for "enemies" in their midst. But even with the most iron curtains of learning the cordons were penetrated. Science and culture—all that is inherent in the human principle in this biological organism—know no frontiers.

[Chupakhin] However distressing, it is right on the eve of the referendum that a political struggle between the leadership of Russia and the "center" has intensified. Could you not express your viewpoint in this connection?

[Nikonov] Confrontation is always bad. In a civilized society disagreements on this issue or the other are removed by businesslike discussion of the parties' positions and the adoption of a compromise solution. With us, however, "fronts" immediately arise, and some people declare others "enemies" and call their supporters to battle against dissidents. I was greatly put on my guard, to be frank, by B.N. Yeltsin's words in his speech to the meeting of democrats. I refer to the words

about the fact that "perhaps it is time for us also in some respects, like the miners, to roll up our sleeves and raise our fists." A very dangerous argument. Thrown to people's masses excited by the difficulties, it could play the part of a call "to the ax." People would not, after all, go into the nuances of rhetoric....

I would like in conclusion to recall once again that in voting for a new union we are advocating a dialectical unity of the different cultures, characters, customs, economic structures and social styles in one big, radically restructured common home.

Call to the Editorial Office

Mariya Pavlovna Soldatenkova, an invalid Group I, lives in Moscow, at 461, Block 5, 13 ulitsa Kakhovka, and has for 38 years worked as a troubleshooter-foreman at the Kalinin plant.

"When the elections of people's deputies of Russia were held, no one came to me from the polling station so that I might have a chance to vote. And now I am afraid that I might not be able to express my attitude toward the referendum. I request that the newspaper publish my appeal for, after all, it is said both in the press and at mass meetings today that everyone's vote could be decisive:

"I am 'for' the Union."

From the Editors: We have published the labor veteran's opinion because, evidently, there are many people in the country, in the villages particularly, who on 17 March will not be able to get to the polling stations. And we remind those who are responsible for the organization and staging of the referendum of this: Let us not forget anyone who wants to express his wishes.

Local Chairmen Appeal to Russians

914B0122A Moscow SOVETSKAYA ROSSIYA
in Russian 24 Jan 91 Second Edition p 1

[Appeal by collective farm chairmen and state farm directors to the parliament, the government, and the people of Russia: "We Would Like To Convey Our Alarm"]

[Text] The Council of the Agrarian Union of Russia appeals to all citizens of the Russian Federation, the Supreme Soviet, and the government of our republic.

A profound economic and political crisis is mounting in Russia, as well as in a number of other republics. Measures to make a transition to market relations and stabilize the economy are not producing the desired effect. In essence, the economy of the republic is beginning to collapse. The population is suffering as a result of these negative processes, and its standard of living is declining. The situation with the supply of agricultural products is particularly grave.

The Russian peasantry takes a favorable view of the policy of priority development of our long-suffering countryside and equal rights for all forms of economic operations proclaimed by the Extraordinary Congress of USSR People's Deputies.

The peasants are capable of feeding all of their compatriots. They should not be accused of all sins in the heat of discussions, and it should not be argued that kolkhozes [collective farms] and sovkhozes [state farms] are solely to blame for the foodstuffs crisis, as some politicians and mass media have now done.

The equipment level of agriculture in our republic is one of the lowest in the world. No proof of this is necessary. Moreover, the sector is literally running a fever on account of various organizational disruptions and shortages of equipment, spare parts, and other material resources.

The scope of the foodstuffs crisis pains us acutely, as it does the entire people. We call on all the working people of the agroindustrial complex and farm and agricultural enterprise managers to take all measures in their power in order to prevent the situation in the foodstuffs market from deteriorating this year, and to increase the output of agricultural products as much as possible.

At the same time, we must think about tomorrow. In conjunction with this, the future of the socialized sector of the agroindustrial complex cannot but concern us. A number of provisions in the RSFSR [Russian Soviet Federated Socialist Republic] laws "On Land Reform" and "On Peasant (Farmer) Farmsteads" were adopted without taking into account proposals made by the Council of the Agrarian Union of Russia to the RSFSR Supreme Soviet and the government of the republic. In essence, some of the provisions of the RSFSR law "On Peasant (Farmer) Farmsteads" may undermine the socialized sector of production. The proposed division of land and production assets into shares, which is regulated by this law, clearly contradicted the kolkhoz statute in effect which is the main law for the cooperative peasantry. Issues of land ownership and of selling and purchasing land should be resolved by the people by means of a referendum. Life has indicated that such serious steps should be taken in a very discreet manner.

At present, the peasants of Russia are also alarmed by something else. Let us look at the financing of the sector of the agroindustrial complex. Calculations indicate that in 1991, budgetary allocations ensure that the outlays of the processing industries will be only 50-percent covered, and those of road construction will be only 70-percent covered. The budget coverage in the social sphere will be even lower. Two times less material and financial resources will be allocated for the development of the production facilities of the kolkhozes and sovkhozes. The commissioning of housing will be reduced by 20 million square meters, and the commissioning of sociocultural facilities will be reduced by 15 percent. Programs of gas distribution, for which only 30

percent of resources have been confirmed, electricity distribution, communications, and other programs may fail.

Measures currently being taken with a view to switching to new methods of economic operations in the RSFSR construction complex are bringing about the growth of the cost estimates of construction in the countryside by factors of 2.5 to 3.5 and, consequently, to an abrupt decline of such construction. The picture is the same as far as the supply of equipment is concerned, the allocation of which to kolkhozes, sovkhozes, and peasant farms has been reduced by 30 percent compared to 1990.

The material and technical resources allocated to the countryside fail to meet the needs of the agroindustrial complex of Russia for many of the most significant items, in particular grain and fodder combine harvesters, soil-cultivation and planting equipment, and certain types of general-use, power, and pump-and-compressor equipment, the deliveries of which will be well under last year's levels. The situation is difficult as far as the supply of equipment for the processing industries is concerned; rolled metal goods, steel pipes, and other goods for production and technical uses are in short supply.

The peasants of Russia will not only fail to receive large quantities of equipment and other material and technical resources. As a result of the unrestrained growth of prices, an amount of funds will be withheld from the sector which will exceed considerably the 20 billion rubles allocated additionally for 1991 under the program of restoring the countryside.

According to calculations, economic arrangements that have begun to apply in the agricultural sector, on the kolkhozes, sovkhozes, and peasant farms, will bring about an increase in the number of farms operating at a loss from one percent to 30 percent as early as this year; these arrangements will bring about abrupt reductions in social, consumer, and other services, and will further complicate the life of the rural populace which is difficult to begin with.

The Council of the Agrarian Union of Russia has considered the issue of the operation of the kolkhozes and sovkhozes and of perfecting the relations of production and their protection in the environment of a transition to market relations.

The resolution adopted stresses the need for the plurality and equality of various property forms, and supports the development of all forms of operation: kolkhozes, sovkhozes, peasant (farmer) farmsteads, and their cooperatives and associations. It is recommended that new intrafarm relations be extensively used with a view to intensifying production, increasing labor productivity, and maximizing the interest of the members of collectives in their performance.

At the same time, the council noted that the hopes of the peasants for an improvement of the situation may fail to be realized, and programs for the restoration of the

Russian countryside and priority development of the agroindustrial complex may fail to materialize.

All of the above prompts us to appeal to the people, the Supreme Soviet, and the government of Russia.

It is our duty to convey this truth and this alarm to all citizens of our republic.

We believe that this situation cannot be left without a response in the form of appropriate conclusions and specific actions.

On behalf of the Council of the Agrarian Union of Russia, members of the presidium:

[Signed] R.B. Asayev, kolkhoz chairman, Bashkir ASSR [Autonomous Soviet Socialist Republic]; Yu.F. Bugakov, kolkhoz chairman, Novosibirsk Oblast; A.Ye. Vorontsov, kolkhoz chairman, Bryansk Oblast; V.Ya. Gorin, kolkhoz chairman, Belgorod Oblast; G.G. Golovenko, kolkhoz chairman, Krasnodar Kray; V.M. Zatserkovnyy, director of a meat-packing combine, Shchelkovskiy Rayon, Moscow Oblast; L.N. Kushnarev, sovkhos director, Tver Oblast; B.N. Okonechnikov, sovkhos director, Kaluga Oblast; I.M. Paplevchenkov, kolkhoz chairman, Tver Oblast; V.A. Starodubtsev, association chairman, Tula Oblast; I.S. Skvortsov, first deputy chairman of the Agroindustrial Committee, Moscow Oblast; B.Ye. Yulin, kolkhoz chairman, Kuybyshev Oblast.

Debate Emerges Over Need for Peasant Party

Kolkhoz Chairman Envisions Party

914B0110A Moscow SELSKAYA ZHIZN in Russian
8 Dec 90 Second Edition p 2

[Article by S. Sharetskiy, chairman of the Kolkhoz "Krasnoye Znamya," doctor of economic sciences, Volozhinskiy Rayon, Minsk Oblast, Belorussian SSR: "A Peasant Party—To Be or Not To Be?"]

[Text] In my view, there has long been an essential need to create a peasant party on the scale of the entire Union. One of the arguments to back up this assertion might be the mere fact that such parties have already begun to spring up within certain republics, for example, the Russian Federation and Tajikistan. But there are also far more serious and profound reasons behind the very acute need to create such a party. It is sufficient to mention the results of agricultural development over the entire post-October period. They bear witness that it has been systematically shortchanged in the distribution of the national income.

An analysis of the political and moral aspects of the matter is still more illustrative. After all, what is the significance of the simple fact that in the first years after the October Revolution the best-educated and most economically astute portion of the rural population—the nobility and rich peasants—experienced almost complete physical destruction or were driven from the

country, and this occurred moreover independently of their attitude toward Soviet power, and the peasant who remained in the countryside was left in an utterly disenfranchised position: He was deprived of the opportunity to dispose of the product he produced and was forced to give it up in the form of the food tax, and sometimes he was not even left the necessary minimum to feed his family.

Following a certain revival during the NEP [New Economic Policy], in the years of large-scale collectivization—that last campaign to forcibly shorten the transitional period from capitalism to socialism—the countryside was subjected to a new and still more cruel devastation. The policy conducted at that time of liquidating the kulaks as a class essentially amounted to liquidation of the entire prosperous stratum of the rural population that had emerged back in the time of the NEP. Not only did it result in a new destruction of the material sphere of the productive forces of the countryside, but also the definitive destruction of the most advanced segment of the rural labor force.

The violence done to the rural way of life during the conduct of all these campaigns and also the endless reorganizations resulted in monstrous distortions of the peasant's very nature. Features previously foreign to him began to be observed in his character: an indifferent attitude toward the land and toward the product created by his labor, laziness, heedlessness, severity, and a stronger propensity to drunkenness. At the same time, other features began to disappear: love for the land, animals, and plants, a respectful and thrifty attitude toward foodstuffs, above all bread, industry, and modesty.

The large-scale closing and destruction of the churches had extremely adverse consequences; they had served as an important source of peasant morality, based (besides the mythological and purely religious stories) on the moral principles of humanity in general. We should add to all this the many years of material poverty of rural areas, depriving the peasants of the right to elect the bodies of government, of the opportunity to move from one place to another, from one job to another, and so on.

Nor have the first five years of perestroika brought any perceptible improvement in the living and working conditions of rural inhabitants. This is largely explained by the fact that over our society's entire existence this sphere has not had its political self-protection, a role that in my view can be performed only by an independent political party. The assertion that the CPSU, as the party of the working class, protects the interests of the peasantry as well is not confirmed by reality.

World experience has demonstrated that in a class society there cannot be a party that would express the interests of all classes and strata of society at the same time. To the contrary, a single class may have several parties that differ in their tactics for achieving the common goal. But the monopoly of one ruling party

leads to stagnation and decay, as is in fact confirmed by the history of our country and the countries of East Europe.

There can be full-fledged democracy in a class society only when every class and every stratum of the population that is sizable in its numbers and its participation in society's development has its own party. That is why the further advancement of perestroika in the direction of democratization of public life in the country cannot but lead, and is already leading, toward the formation of new political parties.

In the situation that has come about, the workers in the agroindustrial complex, who are organically bound up with one another by the production process they have in common, and in many cases by their living conditions as well, cannot fail to have their own political party.

Here, I would like to steer clear of the mistake that the Peasant Alliance could supposedly perform the role of a political protector of the interests of the peasants. In the principles of its creation, composition, and goals, it is to a far greater degree an economic organization than a sociopolitical organization. What is more, because it is essentially an offspring of the administrative-command system, this organization is not able to defend the interests of the peasants; it has not shattered the old ossified stereotype, the habit of looking on agriculture solely as a supplier of products needed by the city.

A peasant party, so it would seem, could be created by detaching from the CPSU the rural party organizations, provided, of course, that is what they wish and desire, and also by enrollment in it of all urban and rural inhabitants who share its goals and want to become active protectors of the interests of those who work in the agroindustrial complex.

In its activity, the party of peasants, in my view, must be guided by the theory of scientific socialism, which, of course, cannot be reduced solely to Marxism-Leninism, because declaring any theory that explains the development of nature and society as the only right one signifies a departure from the scientific approach and a lapse into fanaticism, which in many respects is equivalent to despotism. The attitude toward cybernetics and genetics that existed for many years can serve as a vivid example of the latter. We should add to what we have said that by no means all the principles and conclusions arrived at in their time by the great K. Marx, F. Engels, and V. Lenin have withstood the test of time. Indeed, some were erroneous from the very outset. How can one agree, for example, that "...the continuous improvement of machines puts the proletariat in a position where its life is less and less secure..." which is asserted in the Manifesto of the Communist Party?

What is more, it is not possible to agree that the "relation to the means of production" is the foremost factor in determination of classes. This artificially narrows the sphere of people's activity, reducing it to production alone, and that characteristic contradicts and sometimes

even nullifies other characteristics (position in a historically determined system of social production and the role in the social organization of labor, which are the basic factors in formation of common interests). For instance, sovkhoz workers have far more interests in common with kolkhoz members than with the workers of machine tool building and machinebuilding plants. Nevertheless, according to the division into classes that has been adopted, sovkhoz workers are not put in the class of peasants, as the kolkhoz members are, but in the class of workers. And the intelligentsia, as is well-known, is not regarded as a class at all, but as a stratum, in spite of its significance in society and its large size.

A party of the peasants must undoubtedly be a parliamentary party, must take part in elections to the supreme and local bodies of government, striving at the same time to field as many deputies of its own as it can; to collaborate and enter into coalitions with other political parties and public organizations, at the same time not retreating from the interests of those strata of the population it is protecting.

The basic organizational principle of the peasant party might be democratic self-management, which presupposes that the party leadership would be elected and regularly replaced, would be accountable and its proceedings open to scrutiny, the minority would be subordinate to the majority, but would have the right to adhere to its views and create ad hoc factions, that direct secret elections would be held, as a rule between alternatives, that the authorities at the lower level would be subordinate to those at a higher level on the basis of conviction and development of a unity of opinion, and that a full-time staff would be created solely to perform technical and organizational functions.

The principal political task of the peasants' party in the initial period should be to support perestroika, which essentially comes down to replacing the authoritarian-bureaucratic system with a truly democratic society. In coming to the defense of general human interests, it will at the same time begin to defend above all the interests of the peasants and other workers in the agroindustrial complex and also of the intelligentsia that serves that complex. It will strengthen the alliance between workers and peasants, defending equal rights in that alliance of both classes, and also the alliance with the intelligentsia as an independent and equal class in society.

In view of the fact that the economic reform is the central link in the chain of the transformations of society, the party of peasants must become actively involved in carrying it out and specifically in carrying out transformations in the agricultural sector. To that end, it is important above all to vigorously argue the unsoundness of the assertion that public ownership has absolute advantages over private ownership; that nationwide state ownership has advantages over kolkhoz-cooperative ownership. The party of peasants must promote the development of all forms of ownership and carry on a vigorous effort to organize them and

strengthen them, to defend the legitimate rights of the kolkhozes, state farms, private farmers, and other owners to dispose not only of the means of production, but also of the product produced, which, incidentally, is a necessary condition for the introduction of market relations. As far as the land is concerned, in our opinion, it must mainly be the property of the entire people and at the disposition of soviets of people's deputies because only in this case are conditions brought about to organize diverse forms of production, and the possibility is retained of their easier transition from one form to another, and their size would be more flexible.

The opinion has been expressed recently that a referendum should be held on this issue. It would seem that if it is in fact held, the participants should be only those for whom the land is the principal means of production and whose fundamental interests are thereby affected. As for the management of the agroindustrial complex, the peasant party must advocate a clear delineation of the functions of state management and management within the economy and the granting to its principal components (kolkhozes, state farms, enterprises, private farms, artels, cooperatives, and so on) full economic independence as one of the basic principles governing operation of production structures on cost accounting because otherwise its second most important principle will not be observed—material interest and material liability for the final economic results, which would result in utter mismanagement. Mindful of this, the upper-level management entities (if there is a need to create them) must take on only those management functions which are delegated by the principal production entities.

Toward the end of reinstatement of an owner of the land, the kolkhozes and state farms, which would be retained as a form of production, must be reorganized as truly democratic economic entities functioning on the basis of the shared ownership of the participants. Unrestricted withdrawal from the kolkhozes and creation of private production operations must be assumed here.

Concerning distribution of the national income, the peasant party might strive for allocation to the agroindustrial complex of that portion which would guarantee expansion of production and an equal level of prosperity of workers regardless of where they work and where they live, and it might also advocate abolishing all taxes and payments into the budget, replacing them with one kind of tax: on agricultural production—a land tax that would take into account its quality, and an industrial tax that would be paid out of profit.

In the domain of interethnic relations, the peasant party must pursue the line of strengthening the sovereignty of the republics within the framework of the USSR, regarding both the joining of the Union and also withdrawal from it as purely voluntary and unrestricted, advocating on the territories of all administrative-ethnic structures the predominance of their own laws over the laws of the union. This party would promote the development of the nationality's culture and language, it

would implement a policy of the priority of the individual's rights over the rights of ethnic and other structures.

In the domain of ideology, the peasant party's principal tasks should be such things as replacement of high-flown slogans which people do not grasp with the moral principles of general humanity: love for parents, for nature, one's village or settlement, the homeland, a respectful attitude toward work, deference toward one's elders and those who hold a higher position in society, a thrifty attitude toward wealth created by one's own labor and that of other people, honesty, conscientiousness, and remorse for blameworthy acts committed. It is also very important to portray the particular importance and beauty of farmwork as the most ancient, beautiful, and necessary work directly bound up with living nature. It is equally important to guarantee the freedom of religion and respect for other religions except those harmful to the health of the believers and those around them, and also the freedom to publicize the antireligious position.

That is how I imagine the country's peasant party.

Selection of Readers' Comments

914B0110B Moscow SELSKAYA ZHIZN in Russian
6 Feb 91 p 3

[Readers' responses to the article entitled "A Peasant Party—To Be or Not to Be?" by S. Sharetskiy, doctor of economic sciences (SELSKAYA ZHIZN, 8 December 1990)]

[Text]

Peasant Party: For and Against

Many of our readers are concerned about the question of what kind of public organization could best express and defend the interests of the peasants? Some militate to strengthen the rural party organizations of the CPSU, others put their hopes on the Peasant Alliance, and still others propose creation of a peasant party.

Today, we publish responses to the article entitled "A Peasant Party—To Be or Not To Be?" by S. Sharetskiy, doctor of economic sciences (SELSKAYA ZHIZN, 8 December 1990).

Linking the Chain Back Together

The land and the peasant constitute a single firmly linked chain. And if anything comes between them from outside, the connection is broken, and troubles begin on both sides. Today, rural people are demanding: Do not tell us what to do, do not force us to do now this and now that, we ourselves know what to do, how to do it, and when to do it. And meat, bread, milk, and vegetables—there will be all of that if only you do not interfere with our affairs and put spokes in our wheels with your prices and your leveling and take away your parasitic managers.

And those in favor of creating a peasant party are right. If it comes into being and its leaders are elected by the

peasants themselves, and if it comes to the defense of the man who works the land, then half the problems in our state will be solved. I am not alone in thinking this, there are many of us. What I am saying is true. We need to look at things realistically.

[Signed] A. Cherkashin, Zhirnovskiy Rayon, Volgograd Oblast

Together or Separately?

I have carefully read the article by S. Sharetskiy entitled "A Peasant Party—To Be or Not To Be?" It is, of course, difficult to argue with scholars, but because the article was published for purposes of discussion, I want to express my opinion: I categorically disagree with the author's position.

What is he calling for? I quote: "A peasant party, so it would seem, could be created by detaching from the CPSU the rural party organizations." Which means that the peasants would have their own party and the workers their own. But that is a schism, a breakdown of the alliance of workers and peasants! Is that not clear?

I think that the Kolkhoz "Krasnoye Znamya," where S. Sharetskiy, doctor of economic sciences, holds the position of chairman, has a primary party organization which performs the task of promoting agriculture. So what is better: To join efforts in performing this task we have in common or to begin to separate?

[Signed] A. Shagalov, labor veteran of the Kolkhoz "Krasnoye Znamya," Lyskovskiy Rayon, Nizhnyy Novgorod Oblast

One Good Head...

...Creation of a peasant party by no means signifies that it would operate in opposition to the Communist Party. No, society needs the Communist Party, purged and renewed. Only it is able today to lead the country out of the crisis. But the peasant party can work hand in hand with it. If we had not had a one-party system from the very beginning, but at least two parties, we possibly would not have had all our troubles. And who knows, perhaps today the Swedes would be envying us, instead of us them.

[Signed] G. Kalmykov, Village Viryatino, Tambov Oblast

No Party at All!

The peasantry should long ago have been left in peace and given the opportunity to feed the people. Politics is politics, but everyone has to eat. The peasant gets no support from the state. They still have not decided in the country as a whole whether to give people the land, and they are already thinking how to take two skins from one sheep so that it does not become too fat.

The peasant must be allowed to work without interference the land which rightfully belongs to him. And, this is interesting, who abolished the Land Decree? After all,

it is only thanks to it that people followed the Bolsheviks, believing that the land would belong to the people. Everyone is very much afraid of ownership of the land, afraid that if its sale is legalized after a time one person will have 100 hectares and someone else none, there will be rich and poor.

Since when do we not have rich and poor? And if the operators in the shadow economy buy 100 hectares apiece, more power to them! Provided only that they show how it ought to be worked.

[Signed] N. Naumochkin, Segezha, Karelian ASSR

Follow-Up Letter: Party Not Needed

914B0110C Moscow SELSKAYA ZHIZN in Russian
2 Feb 91 p 1

[Letter from reader A. Shagalov, labor veteran, Kolkhoz "Krasnoye Znamya," Lyskovskiy Rayon, Nizhnyy Novgorod Oblast]

[Text] S. Sharetskiy wants to stratify our people: the workers for themselves and the peasants for themselves. This means, in his opinion, that different parties are needed. But is it not true that rural party organizations on the platform of the CPSU are peasant organizations? Yes, peasant! Their concern is to increase the fertility of farmland and the crop harvested from it, to increase the products of animal husbandry, thereby improving the life of every man.

More Parties Not a Panacea

914B0110D Minsk BELORUSSKAYA NIVA in Russian
12 Feb 91 p 3

[Article by A. Khatskevich, doctor of historical sciences, professor: "Is a Peasant Party Necessary?"]

[Text] At the end of last year, SELSKAYA ZHIZN published a lengthy article by S. Sharetskiy, doctor of economic sciences and chairman of the Kolkhoz "Krasnoye Znamya" in Volozhinskiy Rayon, entitled "A Peasant Party—To Be or Not To Be?"

In it, the author, who is respected and well-known in the republic, attempted to prove the need that allegedly has existed for a long time of creating a peasant party "on the scale of the entire Union." With all due respect for the author, his line of argument on behalf of the new political party does not seem entirely convincing, to put it mildly. Let us examine some of his proofs.

As I see it, one cannot agree with the author's assertion to the effect that "in the first years after the October Revolution the best-educated and most economically astute portion of the rural population—the nobility and rich peasants—experienced almost complete physical destruction or were driven from the country..." (!?). This entire passage contradicts historical truth. Let us mention the well-known facts. On 25 October (old style) 1917, the Second All-Russian Congress of Soviets

adopted Lenin's famous Land Decree, which initiated the agricultural transformations in rural areas. This decree became the basis of the Law on Socialization of the Land, adopted 19 February 1918. Between the end of 1917 and the spring of 1918, revolutionary democratic transformations were carried out in the countryside: ownership of the land by large landowners was eliminated, the first division of the land took place, and the effort made to populate the countryside with middle peasants.

Nationalization of all the land and its confiscation from the large landowners resulted in the elimination of large landowners as a class. The peasantry was given more than 150 million desyatinas of appanage land, land from the large estates, and church lands. Soviet agricultural legislation envisaged promotion of socialized cultivation of the land and gave preference to the working artel farm over the individual private farm.

The first agrarian transformations enhanced the prestige of Soviet power among the working peasantry and helped to strengthen the alliance with the working class. Incidentally, these transformations were also welcomed by the left-wing members of the Socialist Revolutionary Party, who had claimed to be the exponents of the interests of the peasantry, and the left-wing Mensheviks. Is it possible after this to speak about any "physical destruction of the best part of the countryside," about the utter disenfranchisement of the peasant in the first years of Soviet power and to present these arguments in favor of creating a peasant party today? The answer would seem to be clear.

If the author had in mind destruction of the countryside during the Civil War and the policy of War Communism, which Lenin later acknowledged to have been a mistake, then in this case we need to handle the facts very cautiously, analyze them in concrete historical terms, not cram them wholesale to fit in some ready-made scheme and consider them "profound causes of the need to create a peasant party."

It is also with this kind of "ease" that S. Sharetskiy makes his assessment of the policy and practice of collectivization in the late twenties and early thirties. Unfortunately, we still do not have truly scientific and truthful monographic studies of this complicated and contradictory problem. But many journalistic articles that have appeared in the years of perestroika, many of them, in my view, suffer from one-sidedness, their authors see collectivization of the countryside only as being harmful and destructive, as "depeasantization" of the countryside, as an undermining of its productive forces. I am more impressed by the assessment of that complicated and most difficult social process, which directly or indirectly affected our country's entire population, offered by M.S. Gorbachev in his report on the 70th anniversary of our revolution "October and Perestroika: The Revolution Is Continuing." Analyzing the departures from Leninist policy toward the peasantry

and the flagrant violations of the principles of collectivization committed by Stalin and those around him and also by local party and soviet authorities, Mikhail Sergeyevich drew the following conclusion, which in my view is thoroughly sound: "...If we make an overall assessment of the importance of collectivization in strengthening the positions of socialism in the countryside, then in the final analysis it was a change of fundamental importance. Collectivization signified a radical change of the entire way of life of the bulk of the country's population on socialist foundations. It laid the social foundation for modernization of the agricultural sector and its transition to civilized economic activity, it made it possible to raise labor productivity considerably, it freed a sizable number of workers needed by other spheres in the building of socialism."

In short, on this question I share the views of the Marxist M. Gorbachev and I do not share the conclusions and assessments of the Marxist S. Sharetskiy.

Let us go further. I fully agree with the assertion of the author of the article that the first five years of perestroika (now it is no longer five, but almost six) have not brought any appreciable improvement in the working and living conditions of rural areas either. But I cannot agree with his explanation of the causes of what we must say has been the failure of perestroika in one of the most vital spheres—the economy. He sees the sole reason (with respect to rural areas) in the absence of an independent political, i.e., peasant, party. The CPSU, in the author's opinion, as the party of the working class, cannot defend the interests of the peasantry. He goes on to develop this idea at length, alluding to world experience: There can be no party that would express the interests of all classes and strata of society, every class and every social stratum of the population must obligatorily have its own political party. In my view, this is not altogether correct.

In the United States and England, for example, each have two main political parties (if we do not take into account the very small Communist Parties), which succeed one another in power through general elections. Without making essential changes in domestic and foreign policy, they at the same time express the interests, to use the author's terminology, of a sizable portion of the population and of differing social strata and groups of their countries.

In my view, the multiparty system is no panacea against all troubles and misfortunes, nor is it an indicator of the high political sophistication of the population. In the old Russia before 1917, there were more than 60 different all-Russian political parties and organizations—Conservatives, the Black Hundreds, the Liberals, the Revolutionary Democrats, the Socialists, and so on. We need to add to them the dozens of parties in the country's regions based on nationality. A particularly large number of parties sprang up in the period of the first Russian revolution. But the diversity of the parties did not prevent the downfall either of tyranny or of the power of

the bourgeoisie and large landowners in Russia. If the party of Bolsheviks, which by October 1917 rallied around it almost all the workers, the majority of the peasants, and representatives of the intelligentsia, had not led them into battle against the old world, then our homeland would have suffered a terrible disaster. Thus, even the experience of our country shows that it is possible for one party to express the interests of a majority of the people if it is guided by a progressive and revolutionary theory, by a knowledge of the laws of social development, and by the ability to quickly detect the mood of the broad masses.

During the revolutionary renewal of our society in recent years, hundreds and thousands of different political parties, groups, alliances, fronts, and movements with a claim to power have sprung up in the country. But practically none of them has a clear and straightforward program for getting the country or the union republic out of the grave economic, political, and moral crisis. A very fierce political struggle for power is taking place from top to bottom: between the "conservatives" and "radicals," between the Communists on the one hand and the "informalists," "democrats," "leftists" on the other. Quite often, the adversaries are not fastidious about the means they use in this struggle. The country and society have been holding rallies and discussions for nearly six years now, and yet matters are all the while getting worse and worse. Unless this process of falling into the abyss is halted, we soon will find ourselves at the end of our tether. I do not share the opinion of S. Shatalin, member of the academy, in his article published in KOMSOMOLSKAYA PRAVDA (22 January of this year) to the effect that today the fight to preserve the power of President M.S. Gorbachev has merged with the struggle for the happiness of the people. This is not a statement worthy of a member of the academy nor of a scientist, to put it mildly. Nor do I agree with his recommendations, put in the form of an ultimatum to M.S. Gorbachev (to give up the post of general secretary, down with communist ideology, and so on). These recommendations will not lead the country out of the blind alley.

Nor is it possible to agree with the demands of some of the participants in the rally of many thousands in Moscow on Sunday, 19 January of this year, who shouted into the microphone and carried on banners these appeals: "Gorbachev should resign!" "Long live Yeltsin!"

Neither M.S. Gorbachev nor B.N. Yeltsin will save the situation. The belief in the "good emperor" is utopist. It is not new political parties nor new leaders that we need today, but the consolidation of all the healthy forces—*Communists and those who do not belong to a party, democrats and "informalists,"* united around soviets of people's deputies on the platform of saving the country from anarchy and chaos, ethnic conflicts and internecine fights, to preserve and strengthen our common home—a renewed Union of Soviet Socialist Republics. As for the peasant party, it seems to me, we can wait awhile. We already have the disastrous experience of the division of

the CPSU into two parties—the worker and industrial party and the rural peasant party. Everyone knows quite well what came of that. Let us not repeat old mistakes, and, the important thing, let us not make new ones.

Obstacles, Difficulties in Farming, Leasing Lamented

Letters Note Specifics, Aslanov Comments

914B0107A Moscow SELSKAYA NOV in Russian
No 12, Dec 90 pp 6-7

[Survey of letters to the editor prepared by Nina Martynova: "A Vicious Circle"]

[Text] When reading these complaints—and there are dozens in front of me—I remembered Jeff Peters and Andy Tucker, the protagonists of short stories by the American writer O. Henry. As early as the dawn of the 20th century these shrewd swindlers and big schemers were firmly convinced: "If you were born a farmer, you will die a nincompoop." It seems that today many administrators have thoroughly adopted their conviction... In any case, judging from our readers' letters, they strictly adhere to the precepts of the American "noble crooks" (I quote again): "Once you are a farmer, you look like a fool."

Reading the editorial mail, I marvel at the inventiveness and impudence of officials and, alas, at the helplessness and trustfulness of the bold spirits, who at their own risk and on their own responsibility dare to become farmers or, for a start, lessees.

Here is a letter from Yu. M. Ignatov, a lessee from the Novyy Put Sovkhoz in Kaltasinskiy Rayon, the Bashkir ASSR:

"Last January I and my family decided to lease a livestock ranch and to engage in heifer fattening. To begin with, we had to prepare the barn. We removed the garbage and manure from it. According to the agreement with the sovkhoz, together with my 17-year old son I began to procure logs in the forest in order to make repairs on the ranch. We sawed boards from them on a saw frame. We spread 50 square meters of flooring on the ranch. Suddenly, the sovkhoz stopped assigning a tractor to us for hauling logs from the forest. The work came to a halt. Moonlighters arrived in May. All of our hard labor went down the drain. The newly hired workers changed everything to their tune. For some reason they dismantled the roof, although it did not need repairs. They also dismantled the new floor. Of course, they did some minor repairs. However, they did not finish their work and left the ranch unprepared for winter.

"In the meantime, the young bulls, which we had fattened during the entire summer, with the onset of cold weather began to lose weight noticeably. Every day I asked the director to solve the problem of the ranch. It grieved me to look at the young bulls. But the director

got off with promises alone. Then I decided to cancel the agreement with the sovkhos. And then it began! After all—even with due regard for the weight losses of animals—we earned more than 9,000 rubles. True, after a deduction of 14 percent for social insurance, of 13 percent for income tax, and of the money that we had received as an advance we were left with a little more than 4,000. For some reason, however, the chief sovkhos accountant reduced this amount by 40 percent, because, allegedly, we canceled the agreement prematurely. (But we did this through no fault of ours!) They also charged us 100 rubles per hectare for the 10-hectare pasture land, although we grazed the livestock on swamps, for the care of which the sovkhos did not spend a penny. They even withheld [money] for the rental of the barn, which we did not use at all. In brief, they fleeced me, yet they accused me of damaging the farm!”

No matter how hard I tried, nowhere—neither in the Law on Leasing and Leasing Relations in the USSR, nor in additional instructions and explanations—did I find even a mention of some 40-percent deductions from the lessee's income in favor of the farm. It can only be assumed that Yu. M. Ignatov, owing to his economic ignorance, signed a simply enslaving agreement establishing this shameless extortion. In general, there are many fine points in this matter. And the peasant must know them all in order not to be a nincompoop. In brief, nor did the lessee know that deductions for social insurance for agricultural enterprises make up only 4.4 percent, not 14 percent, as was withheld from him...

Such “schemers” as on the Bashkir Novyy Put Sovkhos represent a widespread phenomenon.

“We are now former lessees of the Krasnyy Oktyabr Kolkhoz in Nizhne-Malyklinskiy Rayon in Ulyanovsk Oblast,” G. S. Kiyatkin, V. A. Kudashov, and F. N. Grigoryev write to the editorial department. “We concluded a leasing agreement with the farm on 1 April 1988. We were supposed to raise 320 head of cattle. The kolkhoz board undertook to lease out to us the basic means and to pay us wages in terms of 180 rubles per quintal of output. The difference between the value of output and expenditures on its production was the wage fund. And this difference was supposed to have been returned to us as wages. Last January income exceeded 24,000 rubles. However, out of this amount we were paid a little more than 15,000. They refused to pay the rest, justifying this by saying that the increase in our wages would exceed labor productivity growth. We did not agree with such a decision. It contradicted leasing relations. We turned to the rayon people's court. The court sent our case to the general meeting of kolkhoz members for consideration. But what does the meeting have to do with this? Kolkhoz chairman Pimenov refuses to pay us this money. Laws do not exist for him. He acts according to the principle: I do what I want, everything will be as I wish! This is how the food problem is ‘being solved.’ But, after all, livestock breeders' labor is not easy and, what is more, not very inviting and should be well paid.”

Lessee V. T. Kuznetsov and six members of his link from the Vostok Sovkhos in Vetkaymskiy Rayon in the same Ulyanovsk Oblast sent the following complain:

“When the seven of us leased 800 hectares of land and worked 16 or 17 hours a day, people laughed at us. However, when our yield was higher than that of everyone else on the sovkhos, when we plowed the fall field, helped those who lagged behind, and the time came to pay us for above-plan output, suddenly people began to look at us as at ‘enemies of the people.’ The administration immediately began to look for mistakes in the agreement—just so that they would not have to pay us. For three months we went after our hard-earned money! We even reached the first secretary of the rayon party committee. And only when we were left with just one way—to the people's court—were we paid. However,... the director found in the leasing agreement a hitch—something was wrong there! And the money was withheld from us as illegally received...”

What else can be said here? Apparently, the Vostok director proved to be a more astute “expert” than the chairman of the Krasnyy Oktyabr Kolkhoz. He did not break the law. He took away money earned with sweat and blood not just like that, but on the basis of a mistake made in the agreement. However, if he is so knowledgeable, why did he not uncover the same “hitch” right away—during the conclusion of the leasing agreement? Perhaps his interest lay behind this. It is a pity that trusting people did not notice the dirty trick. The result of their economic and legal illiteracy was lamentable: As the lessees reported, except for the monthly 180 rubles in advance they received nothing for their labor.

Unfortunately, this is not uncommon. For example, the letter from the wife of lessee O. P. Shevchenko from the city of Kyzyl-Kiya in the Kirghiz SSR, the letter from V. D. Nikitenko from Krasnoyarsk Kray, and many others are all on the same subject—they cheat, shortchange, and do not let us expand. Incidentally, there was a serious discussion about this at the conference of farmers in Gagarinskiy Rayon, Smolensk Oblast, in the spring of this year.

“Instead of helping, they only hamper us,” V. Vlaskin, a young peasant who came with his family from Uzbekistan to the Gruzdevskiy Sovkhos, said. “I with my wife and brother took 25 cows on the sovkhos. Three of them turned out to be barren. Why should I spend my own money on culled livestock? The equipment assigned to us is also worthless. But we pay considerable money for it. A great deal in matters concerning credit extension is not clear to us. There are many everyday, life problems. For example, we were given temporary small panel houses. But in what condition? Repairs must be made, but we do not even know whether we can ask the sovkhos for help. I admit that we are glad that we have received them. For more than 2 years we have searched for a place where we could engage in farming.”

"We completely depend on the farm," V. Kruglov, a farmer from the Mamonovskiy Sovkhoz, complained. "For example, we are reproached for beginning sowing work too late. But why? Because the sovkhoz gives us equipment only after it itself finishes sowing. For some reason the farmer himself has to make arrangements with the tractor operator for a special charge. You go to him almost begging and, what is more, you pay three times as much. We also have to get the seeds ourselves, although, according to the agreement, the sovkhoz must do all this and without requests and reminders. If a farm cannot do something for us, it is better that it does not promise..."

This is how things are. In words now everyone seems to be for the development of new forms of management. But, in practice... To many people the farmers' excessive, in their opinion, income is simply a "bone in the throat." Apparently, the long-term habit of wage leveling and the striving to do everything so that—God forbid!—no one becomes rich are reflected here. Is that not why our power has become so impoverished?

These are the thoughts to which such letters lead us. However, these are, so to say, emotions. This is what a specialist—L. A. Aslanov, legal adviser at the former Gosagroprom and now at the RSFSR Ministry of Agriculture—thinks about this:

"People fulfilled all their contractual obligations and paid for their expenses in full. Consequently, according to the normal logic of things, everything that remains from the obtained income should be left for them. This, in brief, is net gross income, the stimulating role of which has been discussed so much in recent years. With respect to the allegedly 'too big' income of farmers and lessees I think that it would not be a bad thing to also mention their expenses. They, in fact, are big. Judge for yourselves. They include expenses on seeds, feed, fuel, electric power, water, and everything else that they take from the farm. The rent, their share of general economic and social expenses, and contributions for social insurance, for payment for leaves, and for state insurance also cost them a pretty penny. If they take loans, they also pay interest, not to mention the return of debts. Add to this the funds invested in production development and in the establishment of the reserve fund. And only what remains goes for wages. Yes, according to our usual ideas, they are high. But, after all, money did not fall from heaven on these people. Hard labor, at times beyond their strength, is behind it. One has to pay for it and for the risk as well. All civilized countries pay for it. The labor of our so-called entrepreneurs is still associated with a very big risk. The trouble also is that they do not have enough economic or legal knowledge, which is available to those who are annoyed by their income and are not averse to mending matters on their 'prostrated' farm at someone else's expense..."

I would like to add to these valid opinions that, in order to overcome the obstacles put into the path of beginning farmers and lessees, not only knowledge is needed. Here

it is necessary to resort to tricks and "cunning" moves. Judge for yourselves. What does the present system of financing those who have set out to become farmers represent? For people with an average income, not to mention the indigent, it creates almost insurmountable difficulties. For example, the cost of a peasant farm now exceeds 100,000 rubles (and sometimes much more than that). Where to get them? Naturally, from the state—on credit—as in all civilized countries. However,... here is the hitch. As is well known, long-term credits are granted by the bank either against a property mortgage (but, as a rule, candidates for farmers do not have "substantial" property), or against the guarantee of the farm, or someone's vouching. Vouching is not even to be mentioned—it is virtually impossible to find it. Farms, which are ready to allocate land or livestock to farmers, most often are unprofitable and have no right to be guarantors. This is correct—a poor person cannot vouch for a poor person. And so, our latter-day farmer has fallen into a vicious circle.

If we do not break it, we will continue to buy grain abroad and to distribute products on the basis of coupons and ration cards.

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Criminal Abuse Described

914B0107B Moscow SELSKAYA ZHIZN in Russian
29 Jan 91 p 4

[Article by N. Nikulina, special correspondent of SELSKAYA ZHIZN, Vladimir Oblast: "They Did Not Escape Retribution"]

[Text] Everything turned out to be awfully foolish, although it was truly terrible. One had to hit upon such an idea: To extort money from rural lessees, who have not even managed to get on their feet! What money? All of it was owed. One of the investigators, with whom I had occasion to discuss this case, after my remark hemmed: "The word 'lessee' resembles 'cooperative member.' And so, they decided to profit at their expense... But they miscalculated." The racketeers miscalculated terribly. They did not take other people's money, as much as they wanted, anyway, but they received their full terms—from three to six years of severe imprisonment. However, the lessees, having abandoned the work they began, left these bewitched and evil places. And so, an empty, devastated ranch stands next to a village half-dead owing to the absence of people...

Aleksey Retin and brothers Sergey and Vladimir Korinlin came here, to the Fominskiy Sovkhoz in Gorokhovetskiy Rayon, Vladimir Oblast, from the city of Dzerzhinsk in neighboring Nizhegorod Oblast. They left their families in the city for the time being and they themselves began to improve the ranch. The former plant workers concluded an agreement for raising small bulls with the sovkhoz, began to repair barns, and build

an outhouse for temporary housing for themselves. They began working harmoniously. Although the sovkhos gave them the most underfed heifers, not a single one died. Their weight gains were also higher than those obtained on the sovkhos.

All the chosen lads were serious, did not drink, and were eager to work. Moreover, they especially learned farming skills in courses and leafed through a pile of literature. And besides, they did not come to play games or for money. They wanted to work freely, to test their strength, and to become owners of land, livestock, and products.

After the noisy, smoky, and bustling city the village of Istomino, where the lessees established themselves, seemed to them a corner of paradise. The primordial beauty, to which they had become unaccustomed, did not cease to amaze them: The untouched motley grass of meadows and pastures, coppices rich in mushrooms and berries, unfrightened fish splash in the small river, and blessed silence is spread all over the expanses. This place was out-of-the way and desolate, but even this seemed a big advantage over the city bustle. They did not like one thing—the unfriendliness of local residents. Some sovkhos peasants, having seen the lessees' unrestrained work, took an immediate dislike to them. They themselves have never worked so hard in their entire life. And why should they? They receive wages anyway, if young bulls die, the sovkhos will write off the losses, and if the crop rots, the state will forgive and, what is more, pay them. On the other hand, they can drink homemade whiskey as much as they want and snacks are always available.

How many times, relaxing after the regular feast, local peasants began to judge and condemn the lessees! Vladimir Pestryakov, a sovkhos livestock breeder, was especially zealous, getting incensed himself and making others so. It seemed to him that the city lads took away from him his last piece of bread—they stood in his way—and, if not for them, he would have shown his worth at work. And so, reeking of alcohol, they hurled at the lessees: "You are strangers, scram, we will burn the ranch..." Perhaps, the threat would have remained a threat and, ultimately, the lessees would have been left in peace if...

One day Slava Kotov appeared at the ranch. He waddled, kicked the equipment in an emphatic manner, shook the fence of the pen, and all of a sudden brutally hit a young bull.

"Why do you behave like a lout?" Retin did not control himself.

"I am a local person, I am the master here."

"Well, 'master,' go away from here..."

"I will go away, but I will come back soon. You will pay for this..."

To be sure, the idea to profit at the lessees' expense occurred to him then. Well, so what? Bribes are also taken from others. Apparently, the lessees have money... He himself has never had it. And where would he have it from? Sometimes he sat in a prison, sometimes he drank vodka, and sometimes he spent time in Dzerzhinsk, enhancing his prestige among the likes of him. Recently, he has joined a cooperative, but one has to work there...

He began drinking in the morning—when he was still in Dzerzhinsk—with his bosom pal Sashka Nagovitsyn. Then Igor Kudryashov, nicknamed Gibon, and former pickpocket Yura Farin joined them. They also summoned the "wheels," but Valera Dergachev flatly refused to drink. "I will be behind the steering wheel, I don't want to get involved with GAI [State Automobile Inspection]." No one remembered why they went in Valera's car to the Fominskiy Sovkhos. In general, Kotov could have suggested this. He used to go there very often to visit his grandmother in Istomino, where the solitary old woman was living out her days. But this time Kotov was not in a mood for his grandmother. They went straight to the village neighboring on Istomino, where they got hold of more homemade whiskey. There they met herdsman Pestryakov.

The six sat in the white "Zhiguli" and drove to rob the three. It was a warm August evening, but the lessees were still working. They were feeding young bulls, cleaning pens, and repairing the damaged water pipe. The "Zhiguli" stopped at a distance.

"Who is this at this time of night?" Volodya Kornilin wondered, peering into the unclear silhouettes.

"Let us see," Retin put the fork aside and entered the yard.

Kotov and Pestryakov were already there.

"Well, workers, we meet again," Kotov snapped, hissing with malice. "You have to return the debt. Give me 100 rubles right away." And he hit Retin in the face with his fist. Retin kept his balance.

"Oh, city nits have set themselves up here! We will make you burn this damned ranch yourselves." Pestryakov added fuel to the fire and handed a stick to Kotov so that it would be more convenient for him to hit the lads. They fought him off, but suddenly shots thundered.

"At first in the air, then at you, if you don't find the money." With a sawed-off gun Nagovitsyn came up right to Retin. "And not 100, but 500 rubles—and right away."

The lessees were silent. They were beaten brutally—with a stick, with fists, and with the sawed-off gun. Then they were placed with their faces against the wall, ordered to raise their hands, and the gun was pointed at them.

"If you want to work on the ranch, 500 a month," Kotov snarled, becoming like an animal smelling someone's blood.

"The drunken fool will kill us, for sure he will kill us," this thought flashed across Retin's mind.

"Otherwise, I will kill you," Kotov screamed, as though he heard him, and threw his stick at Sergey's head.

It was impossible to go on any longer, help could not be expected from anywhere, and the sawed-off gun faced the back of his head, shaking in the drunkard's hands.

"All right, I will find the money, only I will have to go... I don't have it here," Retin agreed, choking with pain.

"Look, you skunk, if you trick us..." Nagovitsyn was thinking how else to scare Aleksey. "You will go with me and with my fellows and they," he motioned to brothers Kornilin, who barely stood on their feet, "will remain on the ranch as hostages."

Sergey and Vladimir were shoved into the outhouse and Retin was led to the car...

They arrived in the village of Ivachevo. Dergachev stopped the motor.

"It is quiet here, as on our ranch," Aleksey thought and immediately visualized brothers Kornilin. "I will hurt myself, but I will get the money. I feel sorry for the lads. I hope that nothing happens to them..."

He did not bring the money right away and not 500, but 300. This is what he managed to borrow from strangers. They drove to the ranch in silence. There was nothing to talk about.

"Everything is all right, they were paid off." Retin approached his friends.

"No, not everything," Kotov flew into a rage. "Where is the rest of the money?"

"I will get it later," Retin hardly controlled himself.

"Not later, but next Saturday. I will come. Be ready."

The white "Zhiguli" faded from sight in the early morning mist.

The racketeers did not come next Saturday. Nagovitsyn and Pestryakov were arrested immediately and Farin and Dergachev, a little later. Kotov and Kudryashov got away, but they too did not escape retribution.

Follow-Up Letters

914B0107C Moscow SELSKAYA ZHIZN in Russian
23 Feb 91 p 1

[Letters from readers: "They Did Not Escape Retribution (29 January)"]

[Text] Well, how can one write about kolkhoz members and sovkhoz workers as unrestrained drunkards? Are there no such among lessees? It is terribly distressing when we are offended foolishly and undeservedly. At present lessees do not yet feed the country. They have to

be protected, but not one-sidedly. I will no longer be a lessee. I have been on pension since 1980. But I was and will die as a kolkhoz member.

[Signed] I. Chepurnoy, Belevskiy Farm, Kochubeyevskiy Rayon, Stavropol Kray

I ask the following: If these lads, A. Retin and S. and V. Kornilin, did not lose the desire to engage in leasing in agriculture, I ask that they contact me and stipulate their working conditions. I promise them all-possible help.

[Signed] N. Molchanov, chairman of the Zavety Ilich Kolkhoz, 155472, village of Privalovo, Kandaurovskiy Village Soviet, Puzheskiy Rayon, Ivanovo Oblast. Tel: 2-58-41; 2-58-33; 2-58-16

Peasant Newspaper Established in Perm

914B0120A Moscow LESNAYA PROMYSHLENNOST
in Russian 12 Jun 90 p 4

[Article by LESNAYA PROMYSHLENNOST correspondent D. Rizov: "A Newspaper for Russian Farmers"]

[Text] Perm—The Association of Peasant Farms and Agricultural Cooperatives of Russia (AKKOR) has introduced trial publication of KRESTYANSKAYA GAZETA, with headquarters in the provincial area. Its first issue, addressed to farmers in the non-Chernozem Zone, Urals, and Siberia, appeared a few days ago in Perm, where the new publication's editorial office is located. The issue opens with an extensive interview with A.F. Veprevy, chairman of the Committee on Agrarian Questions and Foodstuffs.

Although KRESTYANSKAYA GAZETA is addressed to a specific circle of people—our presently not very numerous farmers, the claim is made in the first issue that its circle of readers will be significantly more broad—among both rural and city dwellers.

We hope our farmers and their publication will be the subject of strong interest on the part of readers.

MACHINERY, EQUIPMENT

Problems in Meeting Smallholders' Equipment Needs Viewed

PM1103111591 Moscow Central Television Vostok Program and Orbita Networks in Russian 1530 GMT
6 Mar 91

[From the "Vremya" newscast: Report by V. Leyzerov, identified by caption]

[Text] [Announcer] How can supplies of equipment and small-scale mechanization to smallholdings be assured in the face of acute shortages? This was discussed at a seminar in Kaluga.

[Leyzerov] If this equipment, which is presented here [video shows agricultural equipment], was on sale in sufficient quantities, who knows how many more small-holdings would there be in Kaluga Oblast alone. But in the face of the breaking down of economic ties, when there is a lack of raw and other material, enterprises that are completely unsuited to these tasks are contriving to produce these machines, mechanisms, and implements. One power unit that was manufactured by the "Motornyy Zavod" production association has various attachments; it can plow, mow, and till, and it can be used on subsidiary farms and by gardeners and farmers. It is quite cheap at today's prices.

This laser device for treating farm animals has been tested successfully. A good therapeutic effect was obtained and these instruments were recommended for general use by the veterinary service. They are manufactured by the Kaluga Radio Tube Plant. The enterprises in the oblast will manufacture around three million rubles' worth of spare parts alone.

[G.V. Kulik, RSFSR minister of agriculture, identified by caption] The main thing is that today industrial enterprises want to work out specifically with individual farms how they are going to work together in the spring field work, in spring time, and how to gather the harvest together on a mutually advantageous basis.

[Leyzerov] In the near future a broader program of industry's participation in the development of the agro-industrial complex will be elaborated. And as our ancestors said, in order to be ready we must prepare in good time.

Machinery, Equipment Problems Could Disrupt Harvest

914B0108A Moscow SELSKAYA ZHIZN in Russian
1 Mar 91 pp 1-2

[Article by B. Bondarenko, A. Dzyublo, N. Zagnoyko, Yu. Sidorov, and Yu. Khots, TASS correspondents: "And Straighten Out Agriculture Once Again"—first paragraph is SELSKAYA ZHIZN introduction]

[Text] Today, on the first day of spring, it is worth mentioning that planting is not all that far away, and after it comes the entire range of field operations. But it is difficult to say whether the tractors will roar in the fields awakened by nature and whether the combine operators will drive their ships of the steppe into the fields ripe for the harvest because this year agriculture will experience a sizable shortfall in the amount of equipment and spare parts for it because interfarm relations have been severed. On the eve of field operations, our newspaper and the rural life department of TASS decided to conduct a public verification of the effort of machinebuilding enterprises and to discover exactly who is responsible for the failure to deliver equipment to kolkhozes and sovkhoses, to peasant farms, and to individual farms.

At the present time, they are assembling at the most 16 combines per shift, a tenth of the production plan, on the main assembly line at "Rostselmash." It has already become a rule there: Assembly comes to a halt a few hours after the morning shift begins.

During all of February, the country's largest combine manufacturing plant operated with interruptions lasting several hours. Chronic interruptions in deliveries of component assemblies and units were the reason. And even the "Nivas" and "Dons" which the plant workers manage to assemble from the parts received overnight frequently do not go to shipping platforms, but are arrayed in rows that stretch many kilometers outside the shop gate. Some lack radiators, others rear axles.... And there are also more than 9,000 combines without reapers. Without them, a combine is not a combine at all. Unable to sell its incomplete product, the plant has fallen into the "debt pit"; they borrowed 300 million rubles [R] to pay wages to the workers.

"The situation into which 'Rostselmash' has gotten is the result of opposition from republic components for management and supply," says Yuriy Peskov, the plant's general director. "The war against enterprises under union jurisdiction has been added to the war of laws and budgets."

Yuriy Peskov says it was initiated by the RSFSR Supreme Soviet and its chairman Boris Yeltsin because the latter, speaking in a session of the republic's parliament, announced unambiguously that a mechanism had to be found for bringing over to our side work collectives and enterprises located on the territory of Russia, and the possibility of penalties from the Union neutralized. That is the reason, the director feels, for the failure of the attempts of "Rostselmash" to reestablish the disrupted relations with the plants in Russia and the Ukraine and why important deliveries did not take place of metal from Lipetsk, reapers from Tula and Krasnoyarsk, radiators from Smolensk....

It is well-known that the situation is critical. The TASS correspondents saw an equally depressing picture when they went to the addresses given them by the director in Rostov. Here is what they have reported.

All at once, the Novyy Lipetsk Metallurgical Combine was two blast furnaces "thinner": The shortage of raw materials forced the specialists to extinguish the flame in the iron smelting units. Stocks of coking coal were cut back to the minimum level—enough for one day. Almost all the country's coal mining centers fell short in what they were supposed to deliver to the enterprise. The collectives of many of them shipped coal to Lipetsk in train lots under the terms of the contracts. Now it is difficult for the cars to pick their way through the economic obstructions, and some partners, for example, the Avdeyevka and Gorlovskiy Coke-Chemical Plants, ceased to deliver the raw material altogether.

Nor is the situation any better with scrap metal. Steel-makers have been forced to use commercial pig iron. The

results of the rigid "diet" are disastrous: every day the combine is failing to supply 3,000 tons of steel to consumers. Since the beginning of the month, the shortfall is 117,000 tons of pig iron, 95,000 tons of steel, and 50,000 tons of rolled products.

How are the growing breaks to be patched and the backward movement stopped?

"The limit below which we cannot go is 23,000 tons of coking coal, 7,000 tons of scrap metal, and 1,000 tons of coke per day," says A. Tomilin, chief of the enterprise's department for raw materials and fuel. "If that minimum is met, then we will be able to discharge our obligations, the chain will not break, and those we do business with will survive."

It is possible, for example, A. Tomilin feels, to plan flows of freight more optimally. For instance, scrap metal from Moscow is now carried all the way to Magnitka. It is easy to see that in the time it takes the scrap metal from Moscow to reach the Urals, steel could long ago have been made from it in the converters at Lipetsk, and in Rostov the first workpieces for the combine might have been made.

However, the distance from Krasnoyarsk to Rostov is far greater. But this is not the only reason why local machinebuilders, who have fallen short by about 4,000 reapers, have failed to meet the needs of those with whom they do business. Nor is there consolation to be found in the forecast for the immediate future: By all appearances, the people from Siberia will continue to fall short in shipping these units. What is the reason, what should be done?

"This question was put even by the USSR president to the top officials of the USSR State Planning Committee [Gosplan] and State Committee for Material and Technical Supply [Gossnab], who had, as it were, put their visa on our appeal to him," said L. Loginov, director of the Krasnoyarsk Association for Production of Grain-Harvesting Combines. "So far, there has been no response."

The Siberian association, which includes the Nazarovo Agricultural Machinebuilding Plant, which manufactures reapers, is one of the first in the country to feel how out-of-balance our market is. The enterprise survived on old stocks only up until the end of last year. Silence ensued in its shops during the autumn—cold-rolled steel sheet gave out. That meant that farmers failed to receive hundreds and hundreds of machines. The failure in Krasnoyarsk rippled along the entire "machinebuilding" chain.

In one of the recent plenums of the CPSU kray party committee [kraykom], the general director of the Siberian enterprise declared "with full responsibility": "Even today, a failure in bringing in the 1991 harvest has been planned at the level of state planning by these."

This is a serious accusation. But the full meaning of these words becomes clear when we analyze the work on the state plan for this year. USSR Gosplan presented to the Supreme Soviet its workup, which had not been balanced with respect to many of the items. The deputies sent the document back for more work. Without giving it much thought, the people at Gosplan proposed...reducing the output of agricultural machines by the amount of R1 billion.

"I have been working at the Nazarovo plant for 12 years, and I do not remember anything like this," complains V. Tretyakov, brigade leader. "Large layoffs of workers have begun. Wages are dropping for those who remain for the moment."

They express themselves still more categorically in Smolensk, which is probably because of the specific nature of the enterprise that supplies radiators to the combine builders.

"Do not look in your pocket for anything you did not put there," they are declaring in almost a folklore style in the production shops of the correctional work institutions of the Administration for Internal Affairs of the Smolensk Oblast Soviet Executive Committee [Oblispolkom]. Yes, yes, this is where they make a component that has become a scarcity in Rostov. When the production relations were set up, the people from Rostov, according to those from Smolensk, promised to supply them equipment, tools, jigs, and fixtures, dies, and also to take part in expanding production areas. But year after year they have failed to meet their obligations. It became still worse when they increased the production of "Dons."

"What happened is what we had been alerting our well-known customer to—a crisis. We will not be able to get out of it on our own," V. Kozlov, deputy chief of the Administration for Internal Affairs of the oblispolkom, observed. "But in general, if it comes to that, we have full juridical right to break off relations with 'Rostselmash': So far, no agreement on cooperation in the context of market relations has been signed."

What is this—a fair position or an unconstructive posturing? Unfortunately, it is difficult to distinguish those terms from one another, when economic relations are utterly out of balance. At "Rostselmash," they showed us tall unfinished buildings whose window openings were like large and gaping eye sockets. According to that same Yu. Peskov, construction firms, which have been transferred to the jurisdiction of republic administrative authorities, have cut back operations and have sharply reduced industrial capital construction and also the erection of housing for the workers.

The situation that has come about in the production of "Dons," even though they have demonstrated their superiority in the field, is typical, alas, of the entire sector of agricultural machinebuilding. As we think about supply for the planting season, in just a few months will we not be confronting the fact that many kolkhozes and sovkhozes in the country have nothing

with which to bring in the harvest? Having planted the ambitions, what kind of crop will we gather?

Equipment Problems Hinder Work of Livestock Sector

914B0108B Moscow SELSKAYA ZHIZN in Russian
8 Feb 91 p 1

[Article by V. Klyuyev: "So as Not To Be Left Without Pork"]

[Text] People's deputies in sessions and congress and sometimes even top officials of state agencies are consigning livestock-raising complexes to ostracism on any pretext—those "monsters," those "costs of the previous system." However, the "monsters" and "costs" are providing for the table, mind you, one-tenth of the meat and one out of every 20 bottles of milk produced in the socialized sector. More precisely, about 600,000 tons of beef, almost 1.5 million tons of pork, and 4.7 million tons of milk. What is more, the productivity of labor is between three and three and a half times higher than on ordinary farms, considerably less feed is consumed to produce each kilogram of the product, and it costs less.

The "Mir" Sovkhoz-Combine in Brest Oblast, for example, every year sells more than 11,000 tons of cattle (live weight). The production cost per quintal of weight gain is slightly more than 116 rubles [R]. To achieve the quintal of weight gain, they consume 5.6 quintals of feed units, including 3.6 quintals of concentrated feeds. Every young bull gains 1,100 grams per day. The local fattening experts spend only 2.3 man-hours per quintal of weight gain.

Still more—13,500 head of young cattle—are shipped by the fattening experts on the Sovkhoz imeni 60-Letiye Soyuz SSR in the Bashkir Republic. The livestock is sold at a live weight of 510 kg, all of it with high finish. The average daily weight gain of the animals is 1,054 grams. They spend 5.4 quintals of feed units and 2.4 man-days per quintal of weight gain.

In Leningrad Oblast, the experts at achieving high milk yields on the Sovkhoz "Lesnoye" have proven year after year the advantages of the industrial-type technology. Milk production of the dairy cows is 6,700-7,000 kg of milk, and the profit from its sale exceeds R600,000. The "Malayeshitskiy" Dairy Complex in Moldova, the inter-farm fattening complex of the Kolkhoz "Rossiya" in Belgorod Oblast, the Ilinogorsk Complex for Fattening Swine in Nizhegorod Oblast, and many other enterprises are operating just as efficiently. In all, the country has about 4,000 large livestock-raising complexes in operation. They fatten between 18.4 million and 19 million swine per year and 3.6 million head of young cattle, and they produce more than five million tons of milk.

The high degree of mechanization at the state complexes and the progressive production technology that has been worked out has made it possible to reduce costs by 35-45

percent from the national averages, and feed costs have been reduced to between one-third and one-half.

But here is the trouble—recently, industrial-type complexes have begun to lose ground. There are several reasons for this. There is the shortage of mixed feeds, which became especially acute after the center transferred their stocks to republic agencies. And the condition of the equipment of those milk and meat factories. Many complexes have now been operating for 10-15 or more years. Often without a single overhaul, without stopping for preventive maintenance as called for by the technology. Their equipment has worn out in the aggressive environment, and it breaks down frequently.

The swine-raising complex "Industrialnyy" in Krasnoyarsk Kray, for example, was built back in 1974. The collective of the complex long ago exceeded the design capacity. It is at the level of the best world indicators with respect to feed costs per quintal of weight gain and with respect to production cost. But probably only the workers in the complex themselves know how much work, inventiveness, and everyday concern go into the uninterrupted operation of this assembly line for meat. Nor is it any easier for the workers in the dairy complex "Druzhba" in Komsomolskiy Rayon of Ivanovo Oblast, which went into operation 13 years ago. It took a great deal of effort to bring it up to rated capacity. The technological equipment long ago was amortized, and it is becoming more and more problematical to keep it in proper condition. It is time for reconstruction of the complex, including simultaneous retooling. But who is going to take responsibility for those concerns?

Previously, full sets of technological equipment for complexes were delivered by plants in the system of Minavtoselkhoz mash [Ministry of Automotive and Agricultural Machine Building] (the former Minzhivmash). But these relations were disrupted in connection with the reorganization of the machinebuilding ministries, and the products list and volume of production of technological equipment are being cut back every year. There has been a sharp deterioration in the services provided to the large livestock-raising enterprises. And unless the most urgent measures are taken, the complexes will simply disintegrate.

Other plants are not in a position to supply the complexes the necessary equipment because of the unsatisfactory supply of materials and components to them. What is more, in recent years Minavtoselkhoz mash has repeatedly shifted production of equipment in short supply from one plant to another, as a rule one that is not as strong as the previous one. For instance, they passed the production of the KPS-108 and OSK-54 lines for delivery of liquid feeds to the Karakuskiy Repair Plant, which has not even undertaken to produce this product. The plant "Uychiselmash" this year ceased production of 12 product items because it was transferred to another department—UzSSR Minmestprom: cable-disk conveyors, feed delivery lines, and so on. Some supplier plants, disrupting the direct relations that had been

formed, are taking out of production products unprofitable for them without any agreement with the customer and without proposing anything in exchange. The technological chain is being broken as a consequence. An example is the disappearance of almost the entire equipment for manure processing and utilization (the KPS-180.60.03.000 conveyor-batchers, the KPS-108.61.08.000 rotary turbines, and so on). It is not difficult to imagine what will become of the grounds and surroundings of the livestock farms if the situation is not corrected in the near future.

The directors and specialists of the complexes are expressing quite a few complaints about the quality of the equipment manufactured and its packaging. Machine equipment in bundles is bent and warped during shipment, and weld seams break. Brand new machines for sows and piglets have to be sent for repairs to put them back in shape. Nor is it rare for equipment to be delivered incomplete or without invoices, bills of

lading, and technical documentation. There is a particular shortage of pipe, electrodes, valve fittings, stainless products, polymers and paints, electrical supplies, and high-voltage equipment.

The whole point is that the country now lacks efficient management of material and technical supply of the complexes, which have been destroyed in the fight against the "bureaucracy," and there has been no replacement. Meanwhile, it is purposive and centralized deliveries that are making it possible to solve the complicated problems and to guarantee the uninterrupted and efficient operation of the complexes. Their collectives are now placing great hopes on the associations, which has unified the efforts of machinebuilders and livestock raisers, project planners, and operating departments. They are convinced that if they are slow in organizing it, there will be losses that cannot be made up in the products of the farms, which people need so badly.

POLICY, ORGANIZATION

Moscow Construction Worker Discusses Sector's Problems

914C0005A Moscow *EKONOMIKA I ZHIZN*
in Russian No 9, Feb 91 p 13

[Article by Igor Popov: "The Last Chance?"]

[Text] The transition to the market puts labor collectives in a totally new, heretofore unknown situation and aggravates chronic problems, which cannot be solved by old methods. Probably, it will be difficult mostly for builders, because the economic mechanism causes the biggest malfunctions in this sector. How do builders, especially those in Moscow, live now? On what do they count, what do they expect, and what dangers lie in wait for them? One of Moscow's "simple" builders reflects on this.

I have never written in respectable publications and I do not have economic education for a scientific analysis of the causes that have led to a total oblivion of the most valuable tradition of Russian architecture. Nevertheless, I would like to share my thoughts about what is now going on at Moscow's construction projects, because I have linked my fate with them.

I came to work in construction at the age of 25. I laid down the foundation for my first knowledge in a students' detachment in taiga villages in Novosibirsk Oblast. It is not that I began to understand the complexities of the construction mechanism then, but I learned something, because, as it seems to me now, at that time the mechanism was much simpler and much more understandable.

In the early 1980's there were olympic construction projects in the capital, showing the whole world that we still could do something. There was Novosibirsk Oblast, where commanders of students' construction detachments wandered about in search of profitable projects. There were sovkhos and kolkhoz directors who received them and selected some of them. There were students on university grants—healthy, but impoverished—who came at the commander's invitation "to make money" for the next academic year. There was competition, there was fervor, and there was money, which was given according to one's labor. At that time, the entire sense of the primitive scheme was also clear to me—a child—and I did not pester my older brother with matters concerning job orders, estimates, and agreements—these were his, the commander's, concerns. I was occupied only with the external attributes of a jolly game—construction.

Years passed, the game became a job, and I became a student at a construction institute and a worker at Glavmosstroy [Main Administration for Housing and Civil Engineering Construction in Moscow City]. True, it has now been transformed in connection with the establishment of the Moscow Construction Committee. All my tangled thoughts are now connected with a

specific trust and a specific construction administration of the most powerful construction organization in the country. From it, using it as an example, it is probably possible to judge the general situation, in which all construction now is.

Glavmosstroy has always been made up of people, who conditionally can be divided into three attention deserving groups: workers, work superintendents and foremen, and "mere office" managers. Let us try to examine each of them. And so:

Workers

For a long time Moscow has been being built with the hands of skilled workers who have come from somewhere else (true, in the old days they were not called "persons with temporary residence permits") and this has become a tradition, from which, apparently, it is no longer possible to get away. Tambov, Ryazan, and Bryansk peasants—who did not come here in search of a better lot! This is not accidental: there were films, openly advertising construction in the capital and enveloping the builders themselves in rosy fogs of romanticism, joy, and boundless happiness of creative labor for the good of the great capital of our great homeland.

In fact, however, the situation was not so enviable: There was a shortage of workers and peasants who ran away from hungry kolkhozes were hired, taught as much as possible, promised anything they liked, and harnessed to handbarrows, shovels, and crowbars. Moscow received builders and the former peasant received a place with hot water and even a toilet, as well as small wages, but nevertheless wages, instead of the notorious "marks" on his kolkhoz. And... everyone was satisfied and no one ever mentioned (did they know about?) human rights, the right to vote, normal human labor, normal treatment, and, in general, a normal life.

And so, what has changed?

The critical situation with personnel constantly jolted Moscow construction projects and the decision to stop the limited residence permit in Moscow plunged our managers into shock. Frantic attempts were made to find a way out of the situation that was created and, finally, it was found. The clever idea about youth housing complexes came just in time! Owing to this, the capital's construction projects received a whole army... of obedient people.

Of course, it is possible to suffer 11 months for the sake of a happy future. One can talk about the preservation of some human dignity only if one craves precisely what one can be deprived of at any moment!

Moscow did not yet know such a thing: physicians, programmers, doctors of sciences, and librarians were dying to work at its [construction] projects. People, who had held nothing heavier than a fountain pen in their hands, clung fast to a shovel with clumsy fingers. Young men, young women, and grandfathers walked, bickering

among themselves, cursing and swearing to themselves at the stupid brigade leader and the work superintendent and at their fate as well. Brigade leaders and work superintendents swore at them, but aloud. The procedure itself, under which 50 clumsy helpers could be sent to three foremen, but it was impossible to send them back, also caught hell.

In time, for reasons not quite understood, the idea of youth housing complexes began to die out. Perhaps, because the quota was again opened, or owing to the Vietnamese, who suddenly appeared at Moscow's construction projects—I do not know. But I no longer met "transport workers" from youth housing complexes.

The principles of recruitment remained as before: "Do you want to go to Moscow? Live temporarily for now, work, and, if you behave well, we will give you a permanent residence permit."

The "person with a temporary residence permit" works hard in cold and windy weather, in mud and water, receives his small wages, and waits for a permanent residence permit. Suddenly, after about seven years he receives the permit! But wait: perhaps he will also receive an apartment. He waits again, although he knows perfectly well: he will not receive an apartment for a long time, because he will have nothing to maintain it with. But he waits and works—it is too late to go away. Wife, children, and the promised apartment, which he is "just about to receive" for 10 years... And rage, resentment, and hope are mixed in his soul, which he often drowns in wine and vodka bought with the long-awaited advance and salary in locker rooms filled with tobacco smoke.

Work Superintendents and Foremen

They are directly at projects and in constant contact with workers. They are responsible for their sloppiness, for their safety, for the incomprehensible games of the higher authorities, for the course of construction, and for the chaos, in which it is carried out. Often they come from the same workers and almost from the same regions.

The engineering and technical personnel are in a conflicting position: there is a shortage of builders and they must be valued even if periodically they use foul language against you. One must endure or not hear what they say, so that they do not pick themselves up and go to another project. At the same time, everyone must be made to work. But how to do this if for a larger volume of work wages will not be bigger? You can scare the worker with something of your own; for example, in the summer you will not let him go to areas on the outskirts of Moscow to work on country houses and you remind him of "forgotten" absences. And, lo and behold, he becomes calmer and goes to work.

The authorities arrive from the office: bricks, here! Concrete, there! But you rarely find out where specifically they will be delivered. They walk and they look—the project must be commissioned. They make promises

to people and... go away. But how to commission it if the house assembly begins 6 months later than planned, if the architect changes something every day, and if peasants "do not dry out" for three days after receiving their pay? The next day there is a "big delivery." People are brought from all projects to commission our project. They walk one after the other in single file and brigade leaders yell so that they will not sit down. It is difficult to understand who does what. And no one is disturbed by the fact that some day this house can collapse and no one will be responsible for this.

So, a member of our engineering and technical personnel works, receives a salary, like his worker, waits for housing, escaping with validol, and dreams about an apartment and a job in a cooperative.

Managers

They sit in offices, are rarely at projects, have little contact with workers, and, in my opinion, really hate each other. The workers' opinion is categorical: "They are parasites sucking our blood." Among the parasites they include employees of offices, trusts, and the main administration itself, to where the bulk of the wages is transferred. Managers do their insignificant work, periodically running through stores and clearance sales. They drink tea and instant coffee during time allegedly free from work, reluctantly going over the latest news in the office and in the world. They realize that they have superfluous people and superfluous "offices," but they cannot arrive at a common decision: Who specifically and which offices—construction administrations, trusts, or main administrations—should be liquidated? The workers' opinion is that no one is needed. The main administration says that the right to decide for all belongs to the one that is right. They got the idea that everyone should be transferred to cost accounting and ordered that this be done. Cost accounting is not bad, but, when they order that it be "sown" on unplowed virgin land, it will not sprout, no matter how one urges and begs. Well, there are other ideas: We are changing over to leasing. Whether you like it or not, we are doing this. The result is the same: the idea does not work, the stupid workers do not understand or value it, they do not want to work...

This is how I see Moscow construction projects and the people who work here. I feel awkward about and ashamed of my old and noble occupation. And it is also awful that my life is firmly connected with it. Specialists are running away and there are more and more incomplete projects in Moscow. Numerous cooperatives and profitable projects take away people. Our trusts are staffed with people who are not hired anywhere else. A speedy end to the construction monster is near. To find a way of development under new economic conditions is the last chance of the Moscow Construction Committee. But does it use it? Will it be able to restructure its clumsy, primitive technology?

CONSTRUCTION

Every builder knows that restructuring is often more expensive than construction if it is not undertaken from the right end. With open borders and an open market will Moscow's construction projects not become a refuge and cover for the alliance of our and Western criminal organizations? Will someone be able to control the tangled financial variations of the multitude of small enterprises, into which we will split up? Who will stop the mad rise in the prices of housing, which not long was still so inexpensive?

From the Editorial Board

One can agree and one can also argue with the author of this article. However, it seems indisputable that personal

life experience and the observations and conclusions of every worker represent an invaluable testimony to our stormy years of perestroyka. The opinion of working people must be considered and taken into account without fail during the "construction" of the market. Therefore, we invite everyone who is touched by Igor Popov's thoughts to continue on the pages of this weekly a discussion about how the life of labor collectives is taking shape during the transition to the market economy. The opinion of workers at the Moscow Construction Committee and of people's deputies of the Moscow City Soviet concerning specific problems raised in this article is also of interest.

POLICY, ORGANIZATION

RSFSR Law, Resolution on Speculation Liability

914D0166A Moscow SOVETSKAYA ROSSIYA
in Russian 8 Mar 91 First Edition p 3

["Law of the Russian Federated Socialist Republic: On the Application of the USSR Law Dated 31 October 1990 'On Increasing Penalties for Speculation, Illegal Trade Operations, and Trade Abuses'"; followed by "Resolution of the RSFSR Supreme Soviet: On Procedures for Enacting the RSFSR Law 'On the Application of the USSR Law dated 31 October 1990 'On Increasing Penalties for Speculation, Illegal Trade Operations, and Trade Abuses' on the Territory of the RSFSR'"]

[Text]

Law of the Russian Federated Socialist Republic: On the Application of the USSR Law Dated 31 October 1990: "On Increasing Penalties for Speculation, Illegal Trade Operations, and Trade Abuses"

Article 1. To delete Articles 154 and 156-3 from the RSFSR Code (VEDOMOSTI VERKHOVNOGO SOVETA RSFSR, 1960, No. 40, page 591; 1972, No. 51, page 1,207; 1990, No. 10, page 287).

Article 2. The norms of the USSR Law dated 31 October 1990: "On Increasing Penalties for Speculation, Illegal Trade Operations, and Trade Abuses" should be used for direct guidance in the future, until amendments and additions are made in the RSFSR Criminal Code.

[signed] First Deputy Chairman of the RSFSR Supreme Soviet R.I. Khasbulatov. RSFSR House of Soviets, Moscow, 28 February 1991

Resolution of the RSFSR Supreme Soviet: On Procedures for Enacting the RSFSR Law: "On the Application of the USSR Law Dated 31 October 1990 'On Increasing Penalties for Speculation, Illegal Trade Operations, and Trade Abuses' on the Territory of the RSFSR"

The RSFSR Supreme Soviet resolves:

1. To enact the RSFSR Law: "On the Application of the USSR Law dated 31 October 1990 'On Increasing Penalties for Speculation, Illegal Trade Operations, and Trade Abuses' on the Territory of the RSFSR" from the moment it is adopted.

2. To instruct the RSFSR Supreme Soviet Committee for Legislation and Committee for the Issues of Law, Legal Order, and Combating Crime to develop within a month the draft RSFSR law on making appropriate amendments and additions in the RSFSR Criminal Code, the RSFSR Code of Criminal Procedure, and the RSFSR Code of Statutory Violations of the Law.

3. The RSFSR Supreme Court, the RSFSR Procuracy, and the RSFSR Ministry of Justice will submit to the RSFSR Supreme Soviet Presidium, within one week, proposals regarding procedures for releasing from penalties persons who have been previously sentenced under Articles 154 and 156-3 of the RSFSR Criminal Code and to whose deeds the USSR law dated 31 October 1990 "On Increasing Penalties for Speculation, Illegal Trade Operations, and Trade Abuses" does not apply.

[signed] First Deputy Chairman of the RSFSR Supreme Soviet R.I. Khasbulatov. Moscow, RSFSR House of Soviets, 28 February 1991

ENERGY COMPLEX ORGANIZATION

Gas Supply Crisis Threatens Georgia

914E0070A Tbilisi VESTNIK GRUZII in Russian
20 Feb 91 p 1

[SAKINFORM report: "Information for Natural Gas Consumers: A Catastrophic Situation Threatens"]

[Text] Today Georgia obtains 16 million cubic meters of natural gas each day, while its actual requirements amount to 28.7 million cubic meters. This is creating serious difficulties in providing fuel both to the population and to industrial and household enterprises, institutions, and organizations.

Under these conditions, great significance is ascribed to careful and sparing gas consumption and timely payment for expended fuel, so that this cannot provide the pretext for a gas supplier to limit deliveries.

The USSR Council of Ministers has examined the question on supplying the republic with gas and has tried to find an opportunity for increasing daily gas deliveries to our republic to the 18 million cubic meter level. However, the amount of debt for which we are today overdue surpasses 20 million rubles [R]. And this amount increases every day. In this connection, our republic's main supplier of natural gas, the Stavropol Gas Production Association, has categorically demanded in a special telegram that the existing debt be liquidated before 20 February. Otherwise, natural gas deliveries will be reduced by 50 percent, which will mean a catastrophic situation for our republic.

Natural gas consumers residing in the following cities and rayons have a particularly large debt in this regard:

Tbilisi—R120,000; Gurdzhaani—R400,000; Khashuri—R300,000; Gori—R200,000; Telavi—R150,000; Mtskheta—R100,000; and others.

An extremely grave situation has come about in the settlement of Kazbegi, where bills for gas expended over the course of years have systematically gone unpaid. As of today the amount of debt comes to R480,000.

Such is the situation in cooperative buildings of Tbilisi, where the amount of debt has reached R320,000. The situation in industrial organizations is also unsatisfactory. For example:

The debt of the Tbilisi Plant which produces silicate-wall materials amounts to R250,000, that of the Tbilisi Electric Locomotive Engineering Plant is R120,000, the Rustavi Heat Distribution Administration is R500,000, the Gori Cotton Combine R250,000, and the Agroindustrial Complex R600,000.

The republic concern Gruzgaz has appealed to leaders of enterprises, institutions, and departments requesting they exhibit responsiveness, responsibility, and a simple sense of patriotism, to engage in joint efforts to reduce

the existing debt to a minimum and undertake every effort to see to it that gas deliveries to the national economy of our republic are not terminated because of unpaid bills.

FUELS

Economics Expert on Drop in Oil Production

LD2303044891 Moscow World Service in English
2300 GMT 22 Mar 91

[Text] Owing to the hard currency shortage in this country, the Soviet Union again faces the danger of finding itself in a position of default. Hard currency revenues have reduced because of the negligent attitude to their main source, oil. At present the situation in the oil extraction industry leaves much to be desired. In a bid to improve it, the Soviet Union is trying to attract foreign capital into that industry. Our reporter gives these details. She writes:

The Prime Minister Valentin Pavlov declared in his speech in Leningrad on 18 March that oil exports would drop by half this year. Oil extraction and export have been falling since 1989. This year alone oil output may be 45 to 60 million tons less. Here's how the economics expert, Andrey (Baranovskiy), explains the current drop in the oil output.

One of the reasons behind the catastrophic fall in oil output, Andrey (Baranovskiy) said, is the lack of modern technology for its extraction, the old equipment used for repairing oil wells and the shortage of pipes needed to link the discovered oil wells with the system of oil pipelines. For example, attempts were made to increase oil output at a minimal cost. Water was pumped into oil wells to force oil out to the surface. This ineffective technology has led to the situation when large amounts of oil were lost and oil pipelines were exposed to corrosion. At present joint business ventures are the only existing form of attracting Western capital.

The first business venture was set up jointly with the Canadian (Frakmaster) Company. Canadian technology will be used as a result to boost the efficiency of oil wells. Another business venture set up together with the American company Camp will provide facilities for the repair of the existing oil wells. After the repair, the efficiency of such wells increases by 25 to 30 percent and even doubles sometimes. So far only small companies operate in the Soviet oil business. According to Andrey (Baranovskiy), large companies are still engaged in negotiations.

The Chevron company is about to set up a joint venture in the west of Kazakhstan. The oilfield struck there is the largest after the (Smatola) oil deposit. The estimated oil resources amount to 25,000 million barrels. Chevron plans to invest about \$10,000 million into the development of that oilfield. The AMOCO, EXXON and ARCO companies, Andrey (Baranovskiy) points out, orient

themselves to the regions where oil has been extracted for many decades, for example, in Azerbaijan. It has been decided to set up on a contest basis a joint venture there that will explore those oil wells that have given away easily extracted oil alone. Companies from the United States, Britain, Australia, South Korea, Germany, and Italy are taking part in the contest. Newspapers reported some time ago that the government of Turkmenia is considering the sale of the land where oil prospecting will be carried out, but no more details about that have followed.

New Gas-field Discovered in Kazakhstan

*LD2003100291 Moscow TASS in English 0929 GMT
20 Mar 91*

[By TASS correspondent Vladimir Ganzha]

[Text] Alma-Ata March 20 TASS—Kazakh oil-men have discovered a deposit of gas condensate at a depth of over five kilometers, to the north of the Caspian sea and 80 kilometers from regional centre uralsk.

The area has a wide network of railroads and pipelines to transport oil and gas from Central Asia and Western Kazakhstan to the European part of the Soviet Union.

The discovery confirmed scientific estimates that deserts in central Kazakhstan and in Zaysan hollow in the south-east of the republic are rich in oil.

An oil-refining plant Kukmol (sand lake) is being built in desert areas while physical and chemical analyses of oil from the Zaysan hollow show that it contains an abnormal amount of nickel, which makes it unique in the Soviet Union.

To boost the development of the republican oil-refining industry, Kazakhstan draws foreign investments.

It is setting up a consortium with the U.S. Chevron firm to develop the Tengiz oil-field in the northern Caspian region.

Local authorities of the republic's major oil-extracting regions are making the first steps towards the creation of free economic zones, which will help draw foreign investors to develop the region's mineral wealth.

Far East Scientists Predict Okhotsk Sea Oil Find

*OW1903232891 Moscow Central Television First
Program and Orbita Networks in Russian 1900 GMT
18 Mar 91*

[From the "Utro 120 + 30" program]

[Text] Sizeable deposits of oil and gas are concealed under the bed of the Okhotsk Sea. This is the forecast of the Institute of Marine Geology and Geophysics of the

Far Eastern Department of the USSR Academy of Sciences. Scientists from Sakhalin have also initiated an international project for studying the bed of the Pacific Ocean.

ELECTRIC POWER GENERATION

Moscow City Soviet Bans Nuclear Reactors

*914E0068A Moscow IZVESTIYA in Russian 14 Mar 91
Union Edition p 8*

[Article by Andrey Illesh: "Details for IZVESTIYA—the Nuclear Safety of Moscow Today and Tomorrow"]

[Text] One more step on the road to glasnost concerning problems of radiation safety cannot fail to make one happy. Our newspaper was the first to raise the question of nuclear reactors situated in the capital more than a year ago. The reaction of interested departments at that time was businesslike. The USSR Gospromatomnadzor [State Committee for Safety in Industry and Atomic Power Industry] established a special commission which for the first time conducted a comprehensive verification of all Moscow research nuclear reactors. IZVESTIYA (No. 287 of last year) reported on the results of the activity of this committee, under the rubric "Rumors and Facts."

And here is a new step. The leadership of Moscow has received an opportunity, as is asserted by R. Nikolskiy, a candidate of physico-mathematical sciences and a Gospromatomnadzor specialist, to examine this problem quite competently and thoroughly.

From a decision of the Moscow Soviet of People's Deputies:

- to consider it inadvisable in Moscow to operate nuclear reactors, which represent a potential threat for residents of the city in the event of unexpected breakdowns;
- to consider it impermissible to construct new nuclear reactors here;
- to submit a proposal to the government to approve a decision on stopping the operation of the MP reactor in 1991; on stopping the operation of the IR-8 reactor until it complies with contemporary norms and safety rules; to confirm the date of discontinuing the Gamma reactor in 1993;
- to propose to the management of the USSR Ministry of Atomic Energy and Industry to develop and present to the Moscow Soviet in 1991 the technical-economic grounds for removing the MP, IR-8, and Gamma reactors from operation. —to approve a proposal by the management of the Institute of Atomic Energy imeni I.V. Kurchatov on stopping the operation of the Argus, Hydra, OR, and F-1 reactors in accordance with the completion of research programs and equipment exhaustion;

—to propose to the management of the USSR State Committee for Public Education and the Moscow Engineering Physics Institute to develop and submit to the Moscow Soviet in 1991 the technical and economic grounds for removing the IRT reactor from operation, taking into account the fact that the work of the reactor must be stopped no later than July 1999;

—to propose to the management of USSR Ministry of Atomic Energy and Industry and the Scientific Research and Design Institute of Power Engineering to establish, beginning in 1991, an average annual level of power of the IR-50 reactor equal to 2.5 kilowatts.

Thus, the fate of nine research nuclear reactors is decided.

The details are recounted by Leonid Matveyev, chairman of the Moscow Soviet committee.

"Our committee bore the following name—Committee on Problems of Removing Atomic Reactors. That is, it was as if their fate was predetermined. But we followed another and, it seemed to us, more reasonable and productive path—we carefully examined and analyzed the safety of each reactor. We asked the opinions of disinterested experts, even of geologists and medical doctors.

I myself will note: it is obvious that to shut down at one go all production or research work that is in one way or another associated with radiation, even if someone would want this, is impossible. Therefore, a realistic plan was necessary to withdraw from operation facilities whose safety was not demonstrated. And now it is established and affirmed by city authorities. The Moscow Soviet submitted its decision to the government on the question of a phased closure of the previously mentioned nine reactors. (But they belong to the Atomic Energy Institute imeni Kurchatov, the Scientific Research and Design Institute of Power Engineering, and the Moscow Engineering Physics Institute.)

From the "special opinion" of the Institute imeni Kurchatov: "One could add: the French health resort of Grenoble, a city with a population of 300,000, has five research reactors functioning in its territory with a power of 57 milliwatts, 35 milliwatts, 8 milliwatts, and two with 100 kilowatts, and no one is planning to take them out of operation ahead of time. We think it is necessary to agree with the proposal made by us on the dates of cessation of operations of reactor MP—1996, and reactor IR-8—1999."

But today, as a fundamental decision has been made, I would like to talk about something else. About the so-called "fuel assemblies" whose fate has not been considered anywhere. For authenticity I will turn to information provided by the Atomic Energy Institute editorial office.

Aside from specialists, few people know that the conditions for supporting a chain reaction are maintained if its intensity is reduced a billion times and thereby the generation of energy, radiation, and the accrual of fission products is brought to practically zero. The existence of so-called critical assemblies is based on this physical property of a controlled chain reaction (formerly called "zero power reactors")—arrangements where the insignificant level of power makes it possible to do without a system for removing heat, multi-barrier protection, and other compulsory elements of a nuclear reactor. Such critical assemblies are used for a wide range of tasks, from basic physical research to controlling the quality of the manufacture of the active areas of power reactors.

Indeed, for specialists the merits of critical assemblies are exceptional in many ways. Unfortunately, the payoff for the unique capabilities of the assemblies is also high: human error and defects in design could lead to the uncontrolled development of a chain reaction.

Such uncontrolled "outbreaks" of power (or "supercritical reaction") have occurred dozens of times in assemblies of the world. The laws of their course are also well known to physicists—acceleration in the intensification of power, release of energy, and automatic extinguishing of the chain reaction owing to the internal property of the assembly.

But the post-Chernobyl nuclear allergy compels us to examine closely even installations such as this that are allegedly safe for the population.

The fundamental difference between accidents at assemblies and reactor incidents, specialists think, is that the largest "outbreak" at an assembly cannot contaminate the environment with fission products. Why? For the very brief time of an outbreak, they simply do not succeed in accumulating in the core. Neutron and gamma radiation is easily weakened to safe limits by the walls of the cubicle in which the assembly is located. However, if during an outbreak a person is inside the cubicle next to the core, a grave outcome is inevitable.

In the Atomic Energy Institute (by the way, open for discussion with the public on the most critical questions), up to 20 critical assemblies were functioning at different times. During these years, incidents also occurred that were dangerous for the personnel. The most serious accident occurred in 1971. (No one has ever even hinted at it to this day in the press.) An uncontrolled divergent reaction occurred then at the end of a shift during the completion of work. Its cause was a hidden defect in design. Four persons who were next to the core received large doses of radiation. Two of them died soon after the accident. The other two incurred serious radiation sickness. People who were at the control panel several meters from the assembly—behind a concrete barrier—did not suffer. The level of radiation background near the building, where the assembly was located, and also the concentration of radioactive aerosols on the territory of the institute remained within safe

bounds, much lower than the established norm. There was an absence of any kind of change in the radiation background beyond the boundaries of the institute area. And today's background condition around the Atomic Energy Institute is checked and published regularly. I will note: on the initiative of the Kurchatov employees themselves.

Over the last 20 years it has been possible to render the critical assemblies much safer through physicist instruments. Rapid progress has made it possible to replace many experiments with machine calculations. Nonetheless, what is the potential danger of such assemblies? It exists only for personnel who deliberately take risks that any experimenter takes—this is the physicists' answer. Moreover, they are convinced that the physical nature of these devices is such that under any emergency they cannot be even a somewhat appreciable source of dispersal of radioactive materials in the environment.

Repaired AES Unit Fails to Meet Tougher Safety Standards

*PM0803114991 Moscow IZVESTIYA in Russian
8 Mar 91 Union Edition p 2*

[Vladimir Nevelskiy report under "Direct Line" rubric: "Stalemate at Leningrad AES"]

[Text] Leningrad—The first unit at Leningrad AES [Nuclear Electric Power Station], with a capacity of one million kilowatts, has been standing idle for three weeks following capital repairs.

The unplanned downtime has entailed the loss of 350 million kilowatt-hours of electricity.

There are no complaints about the quality of the repair work carried out over 18 months by a team of highly rated specialists. The reason for the downtime is quite different: by the time the repaired unit was due to be recommissioned, new, still tougher, safety regulations had been adopted for AES's. And now the USSR Ministry of Atomic Energy and Industry and the USSR State Committee for Safety in Industry and Atomic Power Industry just cannot decide to give the "go-ahead" for commissioning the unit, which does not meet these increased requirements in all respects. Meanwhile, it will soon be necessary to shut down the next unit at Leningrad AES for planned maintenance, but this cannot be done without commissioning the repaired one. Stalemate.

If the new safety regulations are to be taken seriously, many AES's ought to be closed down right now without delay, since they do not meet the present requirements.

Estonian Officials Discuss Electric Energy Problems

*914E0071A Tallinn SOVETSKAYA ESTONIYA
in Russian 21 Feb 91 p 1*

[G. Komlev report: "... Beating Intermittently"]

[Text] Narva—"The heart of Estonia is still beating in Narva," said member of the republic Supreme Soviet

and chairman of the Supreme Soviet Interethnic Commission S. Sovetnikov, obviously continuing an argument started earlier, as he entered the office of the director of the Baltic State Regional Power Station [GRES], V. Terentyev. "The energy heart of the republic, on which all its vital activity depends."

From the half hour of conversation that followed it became clear that today that heart is beating intermittently, and if radical steps are not taken the gaps may become life-threatening. In conversation with the station leadership, in addition to S. Sovetnikov, those participating included the deputy minister of industry and power engineering A. Khamburg, Supreme Soviet counselor Kh. Luyk, and Academician R. Khagelberg, who accompanied the chairman of the Estonian Supreme Soviet A. Ruutel on his trip through the northeast of the republic. The chief of the Narva section of the high-voltage network, R. Annik, also took part in the conversation.

There was a purely businesslike discussion of the problems of the Baltic GRES and its future prospects. It did not soar into the realm of high policy. Indeed, during the course of the dialogue it was noted with bitterness that on more than one occasion purely economic issues worrying the power engineering workers had been upset or delayed because of the gross intervention of politics into the economic field.

The GRES director, V. Terentyev, chief engineer. A. Solovey, and the chief of the production-technical section, V. Iserlis, showed convincingly the urgent need to build a new—a fifth—840-megawatt generating unit at the station so that it will be as painless as possible for the republic and the GRES collective to withdraw from operation the first units at the station, which have reached the very end of their service life. To continue using old equipment that was installed 30 years ago is not only unprofitable because of the ruinous cost of repairs, but also simply dangerous. And it is precisely the breakdowns in the operation of that equipment that cause the interruptions in operations at the station. And now the GRES has been forced to reduce output by 200 megawatts because of defects in the equipment installed, which is obsolete and worn out beyond any kind of yardstick.

Three years ago the republic rejected a plan for the reconstruction of the Baltic GRES that provided for the construction of a fifth unit on a quite legitimate basis, namely, because of its ecological imperfections. Since then ways have been found to solve basic nature-conservation questions, including the very complex question of removing the sulfur, in which Finnish partners were also involved along the Soviet experts. True, there are still some "blank spots," but A. Solovey claimed that the Narva power engineers are on the right track and that during the years when the new units are

being built they will cope with the now intractable problems such as eliminating the excess of filtering water needed for ashy materials.

The need to develop new capacities is also dictated by considerations that are social in nature. The chairman of the GRES trade union, V. Manayev, and the chairman of the labor collective council, V. Orekhov, talked about these in particular at the meeting. With no prospects for or confidence in the future of the station, many power workers are already looking about for other, more reliable work, and young people are in no hurry to replace them. An already critical situation is being made worse by the deteriorating material position of the power workers relative to collectives at other enterprises in Narva, against the backdrop of a rapidly rising cost of living. The steps taken in the autumn are already inadequate, and new ones are needed. The Narva people have proposed the idea of tax advantages for the GRES so that it can somehow correct its serious economic position and slow down the drain of personnel.

A. Khamburg reported that very difficult negotiations are now under way with the Union Ministry of Power and Electrification about increasing the rates for electric power generated in Estonia. Given a satisfactory conclusion to the negotiations the acute nature of many of the Narva power workers' economic problems will be alleviated, at least partially. The extreme need to increase rates is the result of the steep jump in prices for shale, increased transport costs, the increasing expense of repair work, and so forth. Without that increase the generation of electric power will simply be a ruinous business.

The republic government also has an understanding attitude toward the idea of tax advantages, but a decision can be reached only when the issue of rates and certain other financial problems in the sector have been clarified, not earlier than the first quarter of this year.

As far as construction of a fifth unit is concerned, A. Khamburg said directly that today the republic does not have the large amount of assets (about R1 billion) needed for this. And no financial support can be expected from the Union Ministry of Power and Electrification. Incidentally, this latter point was disputed at the meeting by A. Solovey, who claimed that according to his information the Ministry of Power and Electrification is prepared to assume some share of the funding for the construction of a fifth unit. But, A. Khamburg, continued, even if that funding were found they would still be unable to provide the necessary material-technical and personnel bases because there are shortages of both construction materials and construction workers. And the position will evidently not change before 1995.

Meanwhile the deputy minister proposed that they continue with intensified modernization of combined heat and power capacities at the GRES and bring them up to the level necessary for the further development of the city. One way or another unreliable, obsolete equipment

must be withdrawn from operation, thus reducing the generation of electric power.

The conversation also touched on the subordination of the GRES—whether it is Union or republic. In the opinion of V. Terentyev the station is “so capital-bound to the Union Ministry of Power and Electrification that it can be transferred to republic subordination only after lengthy and careful preparation.”

“First we must establish direct links with supplier plants,” he said. “Otherwise we shall have no spare parts, of which we have shortages even now, or other materials essential for the station to remain viable. Some kind of transitional period is necessary. If we act precipitously we may make a mess of things: We shall grind to a halt in two years.”

I think that this conversation was useful for both sides. Of course, it would be naive to expect anything concrete from it, but the information it imparted should undoubtedly help in reaching these decisions.

Naryn Hydroelectric Stations Near Commissioning

PM0603163591 Moscow Central Television First Program Network in Russian 1545 GMT 2 Mar 91

[From the “Vremya” newscast: Report by V. Fedorov, identified by caption]

[Text] [Announcer] Unfortunately, the energy crisis is no empty threat. The country has already come up against a generally drastic reduction in energy consumption in domestic life and in the national economy. We therefore naturally expect news from those places where new capacities should be commissioned and in particular from Kyrgyzstan.

[Fedorov] The last stage of the lower Naryn cascade—the Shamaldy-Say GES [hydroelectric power station]—as of this year is being erected according to the commissioning schedule. It must be said frankly that were it not for the breakdown of intereconomic communications its first unit could soon generate current. Right now the pattern of work has been revised in such a way as to commission two units simultaneously. The station's capacity is not that great, 240 megawatts, but under the conditions of the present energy famine even its contribution is important. It increases the efficiency of the entire cascade, which provides energy for the Central Asian republics. At the same time the construction of the Kambaratinskaya [as heard] GES is also gathering momentum. This is the most powerful station on the Naryn—over two million kilowatts. With the erection of their dams for the first time in Soviet and probably world practice a directed explosion of great power will be used. An experiment conducted under the control of experts in the sphere of earth physics, seismology, and ecology confirmed the accuracy of the calculations of this fundamentally new technology.

[K.B. Khuriyev, chief of the Naryngidroenergostroy administration, identified by caption] We have working for us dozens of plants, scientific research and design institutes. It seems to me that only the union with its intellect concentrated in our country can erect such installations. If we switch to different levels, to republican levels, we lose what we have.

[Fedorov] Few places in the country have such a powerful hydroelectric potential as Kyrgyzstan. But the per

capita consumption of electricity here is almost three times lower than the average union level. The mountain livestock raising regions suffer particularly from this. Resolving the social problems of the Tyan Shan Zakhauzye and providing work for the shepherds' children can feasibly only be done by a powerful union structure like Naryngidroenergostroy. In addition, by implementing the energy program people in the republic consider the fact that under market conditions the GES' output becomes a supercommodity.

Ryabev Interviewed on Miners' Strike*914F0169A Moscow TRUD in Russian 20 Mar 91 p 1*

[Interview with L.D. Ryabev, deputy prime minister of the USSR, by TRUD special correspondent V. Naumov: "Strike. What the Government Thinks"]

[Text] **The country's most important coal fields are in the grip of strikes. The miners of different coal regions and different enterprises are formulating their terms differently. Economic demands are addressed primarily to the USSR Government. How does the Cabinet of Ministers of the USSR intend to tackle these complex questions?** TRUD special correspondent V. Naumov met with L.D. Ryabev, deputy prime minister of the USSR.

[Naumov] Lev Dmitriyevich, a group of representatives of Rostov Oblast miners has just left you. And it is, I know, not the first group with which you have met during the present miners' strike. What, generally, is the content of the demands being made by the striking miners today?

[Ryabev] I would divide them into three main groups. The first is political demands. Resignation of the top leaders, new parliamentary elections.... Such conditions have been put forward at a number of Kuzbass mines and in certain coal-mining regions of the Ukraine. But they are not of a general nature. My attitude toward this type of demand is unequivocal. I believe that political problems should be solved only by political means. No one is prohibited from liking or disliking one figure or another, and a resignation may be demanded even, but this needs to be done within the framework of constitutional methods. Ultimatums and diktat are leading and will continue to lead only to an inflaming of passions, economic anarchy, and political instability. And there can be no question of any normal activity by the state and the authorities in this case.

The second part of the demands is for completion of the fulfillment of the commitments which were assumed by the government during the strikes in the summer of 1989.

[Naumov] The new cabinet assumes continuity on this issue?

[Ryabev] Fully. To be specific, it is a question today of the complete fulfillment of the protocols which were signed last summer by the leaders of the government commissions and strike committees and which formed the basis of USSR Council of Ministers Ordinance 608.

Here is the protocol signed in Donetsk. I will quote Clause 33 in full inasmuch as there are many arguments about it: "To support in principle the proposal concerning regular adjustment of the level of wages (or a rate increase) in accordance with a rise in the overall price index. To ensure also an adjustment in this connection of the amounts of pensions and allowances. To instruct the Donetsk Executive Committee and research and economic outfits of the city of Donetsk to prepare

proposals pertaining to the methodology of these calculations. The USSR State Committee for Labor and Social Problems and the AUCCTU [All-Union Central Council of Trade Unions] to take account of these efforts when preparing the corresponding proposals for their presentation to the government. Deadline—third quarter of 1989."

The part of the question concerning pensions has, as you know, been resolved. Another most important question—the dependence of wages on the overall price level—is at the stage of solution also. A draft law on wage indexing has been prepared. The bill is currently being discussed by the governments of the republics and the central government. Following the necessary procedures, it will be submitted for examination by the Supreme Soviet. There have been no proposals from the local authorities, incidentally.

One further stumbling block in today's conflict is Clause 10 of that same protocol. It was recorded in this form: "Upon preparation of the draft USSR Pension Act the USSR State Committee for Labor and Social Problems will, in conjunction with the AUCCTU, study and report to the USSR Council of Ministers by 1 October of the current year proposals concerning the right being accorded workers employed underground and the coal industry Militarized Rescue Unit, given a length of service in this work of 25 years and more, to retire on pension, regardless of age, and for work in the main occupations—face worker, tunneler, cutter and cutting-machine engineer—of 20 years, being not less than 45 years of age...." I would recall that in the Pension Support Act the Supreme Soviet specifies not simply underground workers but those employed, first, in mining operations and, second, permanently and directly, as having the right to supplementary allowances.

Without exaggeration, a great deal of work has been done. Representatives of the coal-mining regions participated, and miner deputies joined in at the last stage also. Different occupations were studied in several stages, and then on contentious points we agreed to send to the regions joint teams—they went to the Kuzbass, Karaganda, and the Donbass. With the participation of the work force they specifically examined on the spot the work conditions of the underground workers and in the last decision—it has already been published—supplemented this list with foremen, blaster foremen, and face and preparation foremen and engineers. Cage operators and electric locomotive engineers did not "make it"—in accordance with the restrictions specified in the Pension Act (I have spoken about these).

But whatever, decisions were adopted in February and at the start of March which considerably extended the list of occupations whose representatives have pension privileges. This document was agreed on by the Coal Industry Workers Union, the Independent Miners Union, the leadership of the sector, and the State Committee for Labor and Social Problems. That is, all those

with an interest in solving these problems. The lists were put together and specified, they are currently being copied and will in the next few days be sent out to the localities. So, as I see it, this work is practically complete. The bulk of the underground workers whom we met were satisfied by the additions to the lists.

Now concerning the third part of the demands. These are new demands, mainly pertaining to an increase in wages—by a factor of both 2 and 2.5. Some comrades recognize that the demand is quite high for the present moment and are wording it somewhat differently: “an appreciable wage increase”.... We understand that prices are rising and that life is getting more expensive, but desire is one thing, possibilities are quite another.

The question concerning the payment of compensation is being decided in connection with the change in retail prices. The specifics of heavy and dangerous mining labor, particularly in underground operations, are entirely deserving of benefits when the level of benefits is being determined. This will be in keeping with the principles of social justice.

A cardinal change in wages, however, may be achieved on the path of an increase in production efficiency, and the wage should reflect and stimulate this growth. With regard for changing mining and geological conditions.

As you can see, the most diverse demands are being made. The bulk of them come, of course, from things not being easy. The desire to live better is understandable. We understand and accept this aspiration. But it is hardly expedient to take this struggle to extreme forms. The more so since work on the problems troubling the miners is, as you can see, being performed. We believe that it will continue.

[Naumov] Has there not been a change in the cabinet's position regarding the fact that negotiations would be conducted only with representatives of working mines? After all, this condition, expressed by the prime minister, introduced a fair share of severity to the conflict....

[Ryabev] I would like to make a clarification. In the summer of 1989 we did not have the corresponding laws nor did we have experience of solutions of large-scale labor conflicts. Government commissions were formed and they toured the coal regions, the trips were quite lengthy, and considerable numbers of members of the government took part in them. Petty and important problems were mixed together, and problems of purely local, of sectoral, and of all-Union significance were made part of one and the same protocol. But it was clear that this was an irrational expenditure of effort. Such an “operation” might be carried out one time, but working this way on a permanent basis is impossible. It is understandable, after all, that there are more than just miners in the country and that difficult problems encompass more than just the coal-mining regions.

But the Law on the Procedure for the Solution of Labor Disputes appeared. Whether we like this law or not (and

I have to say that I also have many complaints about it) it is in effect and we must be guided by it. This is the first point. Second, much has changed since 1989. Enterprise rights have been extended, and the power of the local soviets has increased. The solution of many questions is gradually being switched to the localities. Work is being done on delineating authority between the government of the Union and of the republics. This is largely a new situation. But we are being offered a method of solving the most pressing problems which is the same as it was two years ago: The miners are putting pressure on the government, and it is becoming involved in solving problems of the regions and the sector....

Is this justified from the state or from any viewpoint, for that matter? Hardly. And people also, when you talk with them, understand full well that nothing will be gained if in solving their questions the government loses sight here of the entire complex set of problems which today confronts our state.

It is becoming increasingly clear that, even given the current Law on Labor Disputes, there is still no proper, practically operating mechanism to solve such conflicts. No one is putting up a brick wall. There will continue to be meetings, negotiations, and dialogue. But let us organize these discussions at the appropriate level in order, if necessary, to include a new range of participants.

I believe that in the process of streamlining the solution of labor conflicts we should approach a procedure whereby the interests of the work force are defended primarily in the negotiations with the ministry by the unions as their empowered representatives. To do this they should have a sound mandate of trust from the working people.

I am not a supporter of increased confrontation. And I understand that the situation cannot continue to be inflamed. Faced with the chaos which is spreading currently, it will be necessary in some instances to seek both new arguments and a new tone. I call for mutual understanding and mutual tolerance.

TU Chairman Interviewed on Referendum

914F0166A Moscow TRUD in Russian 15 Mar 91
pp 1-2

[Interview with V.P. Shcherbakov, chairman of the General Confederation of USSR Trade Unions, by unidentified TRUD correspondent: “We Are Deciding the Fate of the Country”]

[Text]

[TRUD] There are two days left until the all-Union referendum. In your opinion, why is the referendum needed?

[Shcherbakov] Under the administrative command system there was no need for a referendum law, and even less need for a referendum itself: the will of the people

was expressed by the unfailingly "unanimous" vote of the Supreme Soviet and local soviet deputies.

Today the situation is different. A referendum is a democratic form of expressing the people's will. Even before the congress decision on the referendum, trade unions many times voiced their opinion that such key issues as state structure and prevalent forms of ownership, in particular of land, should be decided by the people themselves. Clearly, the people's deputies representing the trade unions approved the conduct of a referendum which is destined to determine the fate of the country.

[TRUD] But why is it being conducted now, of all times?

[Shcherbakov] The people and the country today are very tired of the uncertainty in the political situation and of instability in the economy. How are we to live? What is coming? These questions have worn everybody out. Sociologists say that the prevalent ingredients of the public consciousness today are intermixed feelings of apathy and aggression. This is an explosive mix. It comes from extended uncertainty against the background of a sharp decrease in living standards. Will there or will there not be a unitary state? Will the system of economic ties and territorial relationships be retained? Essentially, without an answer to these questions the country and its people do not have a future.

We have to decide where we stand. All those for whom Motherland is more than an empty sound, who do not plan to leave, who feel themselves to be citizens of a great country, should listen to the voice of reason: If the state disintegrates, will it be able to feed and clothe our people?

[TRUD] It probably makes sense to explain more specifically what consequences the split, the disintegration of the country may lead to...

[Shcherbakov] No matter how the supporters of the country's disintegration explain it or cover it, such a split is definitely not in the interests of the working people. In practice, in real life, it means the breakdown of economic links and, as a result, the threat of mass unemployment, economic chaos, and violation of elementary human rights. We are already experiencing some of this.

Western trade unions are warning us that the disintegration of the Union may cause a flood of cheap labor from here to developed countries. I do not want to think of such a bitter fate for my compatriots even as a possibility...

The disintegration of the country is fraught with a dramatic increase in interethnic tensions. First of all, it may aggravate the situation of those 60 million people who live outside their national-territorial entities. A further worsening of living standards, the separation of people into first- and second-class citizens, inequality between languages and cultures—these are the fruits of

Union disintegration. In short, one may say unequivocally: divided, we are not going to become richer, stronger, or more cultured.

[TRUD] Let us then answer a counterquestion as well: What are the advantages of preserving a unitary state?

[Shcherbakov] First, a single labor market. The opportunity, in any corner of the country, to obtain housing, education, and skills, to find work, to apply your potential, and to feel yourself to be an equal member of society. A simple change of place of residency should not be permitted to threaten a person's social well-being. Second, the system of established economic links. You tear them up, and thousands of enterprises will stop and throw people out on the street. Third, a stable raw material and food supply.

After all, the current state was built for over half a century by the common efforts of all working people in the country. How would it be possible to divide this "multilayer pie" without hurting somebody?

Take, for instance, the issues that are close to our trade union business. Over the course of many years the trade unions have built, in a unitary Union, its unitary network of properties: sanitariums, tourist bases and hotels, stadiums, clubs, and children's health camps. This property was paid for by the entire community of our people, by the common money earned by the working people of Russia, the Baltics, Central Asia, Kazakhstan, the Transcaucasus, the Ukraine, Moldova, and so on. To divide it is for certain to shortchange somebody. The first among the shortchanged will be Russia, since the main resort zones are in the Crimea, the Caucasus, the Western Ukraine, and the Baltics. Who needs it, and what for?

[TRUD] By what actions and endeavors are the trade unions expressing their position on the referendum?

[Shcherbakov] On 22 February the Presidium of the General Confederation of USSR Trade Unions (VKP) Council adopted an appeal to all trade union members and the citizens of the country in regard to the upcoming USSR referendum. Expressing the opinion of the organizations that are members of the VKP, the Presidium called for a "yes" vote at the referendum.

We are convinced that this point of view is held not only by the VKP Presidium but also by the overwhelming majority of working people and trade union members. The proof of this was the meeting of representatives of trade unions of industrial branches that took place at the VKP on 12 March, that is, on the eve of the referendum. The majority of its participants came from localities; they have talked to people right at their places of work, and they know their mood well. The working people cannot accept the idea of the disintegration of the Union; they reaffirm their support for the unitary state, in which all of us together will overcome the accumulated critical problems and difficulties and will work for the sake of the renewed Union.

[TRUD] But if the renewed Union is to be a confederation of truly sovereign states, will there be a need to keep the unified, so to say, common trade unions?

[Shcherbakov] You see, I do not think that it is possible to fill common economic space with horizontal links between sovereign states alone. The spheres that are the most important and common for the entire country—power engineering, transportation, communications, defense, science, and culture—must also be supported by powerful vertical structures. The same goes for the trade unions. It appears that under the conditions of a unitary economic space and unitary labor market, an organic combination of the industrial branch and horizontal trade union structures will work best. Today many of our industrial branch trade unions represent the working people of all republics without exception; on the other hand, the VKP combines industrial branch trade unions and sovereign republic trade union centers.

I want to especially emphasize that a trade union confederation on the scale of the entire country is also needed in order to fight for a common set of minimal social guarantees for the citizens of the entire territory; this includes unemployment insurance and other employment-related issues, pensions, determination of the subsistence minimum, income indexation, work conditions, and many others.

[TRUD] What is your assessment of the situation in the country on the eve of the referendum?

[Shcherbakov] The situation is critical. The political instability in society has led to grave problems in the economy—that is, in the foundation without which there is no bread, no heat, no normal life. The VKP Council and the industrial branch trade union center are literally flooded with telegrams that tell us of shops, production lines, and entire enterprises stopping work. People are left without work, without the means to exist—not because the market has arrived but because a shipment of raw materials or components was not delivered, or because of heat or electric power supply reductions.

The most important question today is how to stabilize the economy. It should not be mixed with politics. Let the left and the right, democrats and radicals, party and nonparty members argue among themselves, but the country must work, and enterprises must produce, otherwise we will simply have nothing to live on.

Right now, for instance, some mines are on strike. Yesterday I met with representatives of Vorkuta miners trade union committees. The strike brings out conflicting emotions. On one hand, it is a strike of desperation. Life is very hard there. Do we need to describe again the hard labor and the hardships of everyday life the miners live with? The generally worsening situation in the country has pushed the tensions in the miners' collectives even higher, practically to the limit. Therefore, when we talk about the miners' economic demands, they are, for the most part, quite justified. The trade union leadership, at a recent meeting with the USSR Cabinet of Ministers,

made a point of the issue of social protection of the working people, including the miners.

There is, however, another side to this issue. The strike is having a serious destabilizing effect on the entire national economy. That is why the trade unions are proposing to urgently create a negotiating commission in order to resolve constructively the issues of contention. This commission, by the way, could become a permanent mechanism in a dialogue between the government and the trade unions, the need for which we feel so much now.

[TRUD] By the way, about the dialogue. Could you briefly describe the current relations between the government and the trade unions?

[Shcherbakov] No government can stay in power today without the support of the trade unions. However, the trade unions will not attain tangible success unless they have solid contacts with the government and constantly conduct a dialogue with it in order to find solutions to most current and troublesome problems. The Pavlov Cabinet is still being formed, but the VKP is already conducting a dialogue with it on a principled, constructive basis. The main problem right now is time—it cannot wait; the working people want to see real results and positive changes on the issues brought up by the trade unions by expressing the will of the mass population.

[TRUD] The press has covered the VKP position in its dialogue with the government. Nevertheless, could you name the main demands in the area of social protection of the working people that the VKP has brought up?

[Shcherbakov] The trade unions today advocate not only solutions for separate "hot" problems but also the necessity of creating a **comprehensive system of social protection of the population**. Life demands that we move on from the inefficient practice of "patching up the holes" to a preventive, comprehensive mechanism that would ensure minimum social guarantees for all our citizens.

First of all, we need to deal with the most essential item—the continuously declining standard of living. It is clear that after the upcoming price reform, price increases will continue. **That is why the VKP believes it absolutely necessary to adopt in the nearest future a number of legislative acts in regard to income indexation, subsistence minimum, and, on the basis of this, a guaranteed minimum salary.** It is simply blasphemous to talk today about a minimum guarantee of 70 rubles.

Second. The transition to a market economy, and the continuing rise in "free" and contract prices powerfully bring to the forefront the issue of a **labor market which should determine the value of labor. In other words, this is the foundation upon which it is necessary, no later than this year, to conduct a reform of labor remuneration and to remove the caps on its growth, that is, to make it possible to pay well and in full for honest labor.** This is also one of the main demands of the trade unions.

Third. We are extremely alarmed by the fact that tens and hundreds of thousands of textile workers, chemical industry workers, and workers in other branches of the national economy are idle. This aggravates the already difficult situation in the consumer market. **During their talks with the government the trade unions placed special emphasis on the necessity of immediate stabilization of the economy.**

Fourth. We should define more clearly the procedures for calculating income tax in regard to benefits paid to compensate for rising prices. It is necessary to make changes in the income tax law in the nearest future.

There are many other issues, including those related to pensions, work conditions, etc. I can only say that we will continue to persistently fight for each of our demands, finding our support in unity of action and the power of the trade unions.

In general, the position and tactics of the trade unions will to a large degree determine the future development of the situation in the country.

RSFSR TU, Council of Ministers Agreement Outlined

914F0156A Moscow TRUD in Russian 5 Mar 91 p 2

["Agreement Between the RSFSR Council of Ministers and the Council of the Federation of Independent RSFSR Trade Unions for 1991": "Through Dialogue—To Compromise"—first two paragraphs are TRUD introduction]

[Text] From the Department of Trade Union Activities. As reported by TRUD on 22 February, the Agreement Between the RSFSR [Russian Soviet Federated Socialist Republic] Council of Ministers and the Council of the Federation of Independent RSFSR Trade Unions for 1991 has been signed. This understanding is the first in the history of the republic's trade unions. Months of intensive negotiations preceded its conclusion. The agreement opens up a new stage in mutual relations between the trade union center and the government, and contains a number of important provisions determining the obligations of the Cabinet of Ministers for creating a mechanism of social protection for workers.

In publishing the main provisions of this document, we expect that this experience will also prove useful for trade union personnel in other republics, krais, oblasts, and labor collectives in their dialogue with government organs. The reader may acquaint himself with the complete text of the agreement by consulting Issue No. 6 of the weekly Russian trade union newspaper PROLOG.

This Agreement is aimed at ensuring the effectiveness of the RSFSR national economy, at protecting the social and economic rights and legitimate interests of workers and the republic population during the period of transition to a market economy, and at enhancing the mutual

responsibility of the parties signing the Agreement for intensifying the economy and ensuring its stability.

Expressing their desire and readiness to cooperate in constructive, businesslike fashion in the development and implementation of measures to achieve these aims, the RSFSR Council of Ministers and the Council of the Federation of Independent RSFSR Trade Unions [FNPR] have reached an Agreement for 1991 with respect to the following:

On the Labor Force Market

—The RSFSR Council of Ministers and FNPR Council will establish, in the first quarter of 1991, the Russian Republic Coordinating Committee to Promote Employment.

—The RSFSR Council of Ministers will, in the first half of 1991, provide for the formation of a material, financial, and information base for the state employment service, and for the organization of training centers for occupational counseling and retraining of personnel.

—The RSFSR Council of Ministers will draw up measures providing economic incentives for enterprises and organizations which facilitate the preservation and development of job positions for the fruitful employment of citizens, including citizens with limited work capacity.

—The RSFSR Council of Ministers and FNPR Council will introduce the following proposals to the RSFSR Supreme Soviet:

On affording to ispolkoms [executive committees] of local soviets of people's deputies the right to suspend, upon recommendation of the employment service or appropriate trade union organ, decisions that entail a massive release of workers, for a period of up to six months, during which time the ispolkoms of the local soviets of people's deputies will engage in consultations with trade union organs and implement measures providing for retraining and job placement of the discharged workers;

On organizing the RSFSR State Employment Fund;

On introducing benefits for persons who have lost employment for reasons beyond their control, from the moment of their registration with the employment service as being unemployed and prior to resolution of the matter of job placement, but not for longer than 12 months (not more than 24 months for persons of pre-retirement age) in the following amounts: first three months—100 percent of average salary at the most recent work place, next two months—75 percent, next three months—60 percent, and the remainder of the established payment period—40 percent of the average salary, but in no instance lower than the minimum wage established by law.

On the Standard of Living and Guarantees of Social Security for the Population

—In the first quarter of 1991, the RSFSR Council of Ministers will determine, with FNPR Council participation, a listing of socially significant goods and services (the "consumer basket") and minimum consumer budget level for specific RSFSR zones taking into account their particular natural and climatic conditions, sociodemographic characteristics, and cost of living differences.

—The RSFSR Council of Ministers, jointly with the FNPR Council, will introduce proposals to the RSFSR Supreme Soviet for examination at the third session of the RSFSR Supreme Soviet:

On legislative determination in the RSFSR of the average amount of the minimum consumer budget, proceeding from selection of the "consumer basket" as it consists as of the beginning of 1991, taking into account necessary offset payments;

On the accomplishment in 1991-1992 of a phased increase in the size of the minimum wage to the level of the minimum consumer budget;

On increasing the size of the minimum wage to 135 rubles for 1991, with subsequent legally established offset payments;

On normative acts of the RSFSR which provide for the indexing of incomes and anticipatory compensation payments to citizens when prices are increased for consumer goods and services, indexing of monetary deposits of citizens in state savings banks, of securities, and of the calculated monetary norms for providing nourishment in children's preschool institutions, student dining facilities, homes for the aged, boarding houses, hospitals, and sanatoriums, taking into account price increases for food products.

The RSFSR Council of Ministers will publish statistical data on the dynamics of changing prices for consumer goods and services on a monthly basis in the republic mass media.

—The RSFSR Council of Ministers will establish state requisitions (including in-kind food tax) for goods in accordance with an attached listing and norms adopted for the "consumer basket," ensure their implementation, and take other measures to supply the population with these goods, as well as measures to index costs related to increased population expenses in the event of changing prices for these goods.

Editor's note—The listing includes: meat and meat products, milk and milk products, margarine, vegetable oil, eggs, fish and fish products, bread and bread products, groats, vegetables, potatoes, legumes, tea, sugar, baby food, children's clothing and footwear, medicinal preparations, tobacco products.

On Taxation

The RSFSR Council of Ministers will introduce proposals in the first half of 1991, jointly with the FNPR Council, to the RSFSR Supreme Soviet:

On exempting from taxation cultural-educational institutions, and sports and physical training institutions falling under the direction of the trade unions;

On establishing preferential taxation for income received by state and social organizations from the conduct of philharmonic concert activity, performances by folk instrument orchestras, and amateur musical activity;

On procedure for preferential taxation of enterprises and organizations which direct a portion of their profit to the development and consolidation of the material base of organizations of public education, health care, culture, sports, and to resolving social problems of student youth;

On retaining the right of gratuitous use of land for sanatoriums and resorts, and sports and physical training institutions of the trade unions.

On Occupational Safety and the Ecology

—The RSFSR Council of Ministers will develop, jointly with the FNPR Council, a republic program for occupational safety and improvement of labor conditions.

—The RSFSR Council of Ministers will submit to the RSFSR Supreme Soviet the draft RSFSR Law "On Labor Protection."

—The RSFSR Council of Ministers will implement a program of ecological restoration in the RSFSR, apportioning first-priority measures for 1991, and will submit to the RSFSR Supreme Soviet the draft RSFSR Law "On the State Ecological Program."

On Revival of the Village

The RSFSR Council of Ministers:

Will increase appropriations in 1991 directed towards development of the village, augmenting the 1990 level by at least 50 percent, and will examine the question of increasing funds based on the results of budget implementation and economic activity over the first half of 1991.

On Health Care, Social Security, Public Education, Culture and Sports

—The RSFSR Council of Ministers will increase financing for health care in 1991 by at least 25 percent over the 1990 level. It will examine the question of increasing these funds based on the results of budget implementation and economic activity over the first half of 1991.

—The RSFSR Council of Ministers, jointly with the FNPR Council, will introduce the following proposals to the RSFSR Supreme Soviet:

On increasing in 1992-1993, taking into account the economic situation in the republic, the percentage of national income going towards health care and public education by up to 10 percent, and appropriations for culture to at least twice the 1990 level;

On establishing procedures for transferring land for the free use of institutions of budget-financed health care, social security, public education, culture, and sports.

—The RSFSR Council of Ministers will guarantee wage increases in 1991-1992 for workers in health care, public education, social security, and culture to the level of the average wage in the republic's national economy.

On Social Protection for Youth

The RSFSR Council of Ministers, jointly with the FNPR Council, will develop in the first half of 1991 a republic program of measures to protect the labor, social, and spiritual interests of young people.

—The RSFSR Council of Ministers will, in 1991:

Establish privileges for students of higher educational institutions, students of specialized secondary educational institutions and professional-technical institutes, who participate in agricultural projects and student construction detachments;

Introduce the use of regional bonus rates with respect to grants for graduate students, college students, and students of specialized secondary educational institutions and professional-technical institutes, in regions of the RSFSR where such bonus rates have been established.

On Drawing Up Draft Laws in the Labor Sphere

The RSFSR Council of Ministers, with the participation of the FNPR Council, will submit for examination by the RSFSR Supreme Soviet:

Proposals on the reform of republic legislation on labor;

Proposals on changing the norms envisaged by joint acts of state and trade union organs on matters of labor, the economy, culture, and social development;

Proposals on the application of international and all-Union norms of labor law on RSFSR territory;

Proposals on the procedure for resolving labor disputes on RSFSR territory.

The parties reached the understanding that during the period this Agreement is in effect, trade unions in the FNPR will not issue new demands and will not organize strikes on matters included in the Agreement, provided such matters are being resolved. In the event strikes do take place, responsibility will be fixed in accordance with

the USSR Law "On the Procedure for Resolving Collective Labor Disputes (Conflicts)."

As RSFSR laws are adopted on matters touched upon in this Agreement, appropriate refinements and changes will be introduced to it.

The parties assert that this Agreement must not obstruct the participation of other trade unions in resolving the questions presented.

Goskomtrud Explains Compensation to Pensioners, Families

914F0170A Moscow IZVESTIYA in Russian 21 Mar 91 Union Edition p 2

[USSR State Committee for Labor and Social Problems clarification: "What the Compensation Payments Will Be"]

[Text] To Pensioners: In accordance with the USSR president's decree and the resolutions of the USSR Cabinet of Ministers, pensioners and people receiving allowances will receive compensation for extra expenses caused by changes in retail prices.

Nonemployed pensioners will receive a compensation of 65 rubles [R] a month as an addition to all types of pensions established by existing legislation, as well as to supplemental benefits for dependents that are paid in addition to the pensions of nonemployed pensioners. If several members of the family are entitled to a loss-of-provider pension, compensation is due to every recipient of such pension. Children who have lost both parents (fully orphaned) receive double compensation in addition to the loss-of-provider pension.

For instance, a loss-of-provider pension is paid to two family members: a grandmother and a grandson, who is a full orphan. The pension was calculated on the basis of the joint salaries of both deceased parents, and is now—after being raised in accordance with the new pension law—R175. When compensation is added, the pension will increase to R370 (R175 base pension plus R130 compensation for a full orphan plus R65 compensation for another member of the family).

When the size of the pension changes (recalculation of prior earnings or length of service, addition or removal of additional benefits for care, or a change in the disability classification) or the type of the pension changes, the size of the established compensation remains the same.

Employed pensioners will receive compensation payments according to procedures established for the employed population, that is, R60 a month, without adding compensation to the pension as long as the person is employed. Therefore, when a pensioner starts working, a compensation payment attached to his pension—as well as to supplemental benefits for his dependents who are unable to work—is suspended and is

resumed again when he discontinues his employment. The suspension (resumption) of compensation takes effect on the first day of the month following the month when the change in the said circumstances took place.

A pensioner may have dependent members of the family who are unable to work, for which he receives supplemental benefits attached to his pension. In this case, in addition to the compensation to the pensioner himself, a compensation for each such family member is added to his pension. However, if such a family member is a dependent of several pensioners, the compensation is issued to the pensioner to whose pension supplemental dependent benefits are attached.

For instance, a person receives a maximum old-age pension of R120. To this pension is added, within the maximum pension limits, a benefit for a family member who is unable to work. Since 1 January, in accordance with the USSR Law "On Pensions of USSR Citizens," and considering that the pensioner had been receiving pension for more than 10 years, the size of the pension is increased by R15 and is now R135. Taking into account compensations, the pension will now be R265 (R135 base pension plus R65 compensation for the pensioner himself plus R65 compensation for a family member unable to work).

If a compensation benefit for a family member who is unable to work and is under 16 years of age (18 and more for students) is added to the pension, compensation payments for this dependent according to other eligibility criteria (allowances, stipends, etc.) are not made, except for special-designation compensation for the cost of children's goods—unless it is being paid to another person.

Pensioners who live in regions where regional salary coefficients are in effect receive an additional benefit: the compensation size for them is calculated taking into account the regional coefficient in effect in that region for workers of nonproduction sectors of the economy.

Pensioners who live in boarding houses (retirement homes) for the elderly and disabled will receive the same compensation. The compensation payments for this category of pensioners are made in accordance with established procedures.

In order to ensure timely compensation payments, the USSR Goskomtrud [State Committee for Labor and Social Problems], USSR Ministry of Finance, USSR Ministry of Communications, and USSR Savings Bank have instructed the localities to organize this work.

Compensation payments to nonemployed pensioners and their dependent family members who are unable to work are issued by the social security offices through local postal branches or the USSR Savings Bank offices. The first payment for April of this year is to be issued in advance in March.

It is recommended that the first compensation payments to be issued in the postal branches in March of this year go to those pensioners whose designated date for receiving pension payments falls on the last days of the pay period; this way the pensioners who normally receive their pension at the beginning of the month can receive their compensation payments simultaneously with their regular April pension, should the necessity arise.

Subsequent compensation payments, starting with May payments, will be paid to pensioners by the same procedure that is used in their pension payments. For this purpose the social security offices are to process all necessary pension documentation on the basis of the practice of implementing mass pension recalculations established in that republic.

To Families With Children: For families with children, compensation for additional expenses related to changes in retail prices will be conducted in several directions.

First, families eligible for allowances under existing legislation receive new state-guaranteed minimum allowances:

- a) a one-time allowance at childbirth—R250;
- b) monthly R100 allowances:
 - for care for infants under 18 months of age to working mothers with at least one year length of service (for women under 18—regardless of length of service), and to mothers who are full-time students. In case of multiple births, the allowance is paid for each infant;
 - for children of military personnel on fixed-period service;
 - for children under guardianship (placed in ward);
 - for children of single mothers (widows, widowers) who are former wards of orphanages (boarding schools);
 - for children infected by the HIV virus or ill with AIDS;
- c) monthly R90 allowances:
 - to single mothers of children aged six to 18;
 - for children aged six to 18 whose parents evade paying child support, or who are in other circumstances, stipulated by law, where it is not possible to exact child support payments;
- d) monthly R80 allowances:
 - for care for infants under 18 months of age to working mothers with less than one year length of service and nonworking mothers. In case of multiple births, an allowance is paid for each child;
 - for care for children between 18 months and six years of age if the total income per family member is less than four times the minimum salary;

- single mothers for children less than six years of age;
- for children less than six years of age whose parents evade paying child support, or who are in other circumstances, stipulated by law, where it is not possible to exact child support payments.

Second, to compensate for the price increases, families receiving pensions for children (for instance, loss-of-provider pensions or pensions to disabled children) will have these pensions increased by R65 a month.

Third, monthly allowances of R40 a month are established for children under 16 (for students not receiving a stipend—until 18) who do not receive pensions or allowances through the existing system of social security.

The above-mentioned payments are to be made for children in families where total income per family member is less than four times the minimum salary.

In addition, all families with children under 18 will receive annual special-designation payments intended to compensate for the lifting of price subsidies for children's goods, in the following amounts:

- for children under six years of age—no less than R200;
- for children between six and 13 years of age—no less than R240;
- for children between 13 and 18 years of age—no less than R280.

The above-mentioned payments are to be made for children in families where total income per family member is less than four times the minimum salary.

Increased benefits will be paid in accordance with previously established procedures. It should be kept in mind, though, that families receiving benefits will have the first—April 1991—compensation payment paid in advance, starting with 20 March, as a difference between increased and current benefits. Starting in May, new, increased benefits will be paid.

It is recommended that monthly payments for children who do not receive allowances or pensions under the current social security system, as well as payment of special-designation allowances to compensate for increased prices on children goods, are made at the mother's principal place of employment, or, if the mother does not work, at the father's (or parental substitute's) principal place of employment. If the parents (or parental substitutes) do not work, said compensations are issued by social security organs at the locality where the parent and child reside.

The first advance payment (for April 1991) of compensation for children who do not receive allowances or pensions under the current social security system will be paid to parents (parental substitutes) starting 20 March.

It is recommended that the first annual special-designation allowances to compensate for increased

prices on children goods be paid quarterly in equal shares. The payment of said allowances for the second quarter of this year should be made in April in the following amounts: for children under six—R50; for children between six and 13 years of age—R60; and for children between 13 and 18 years of age—R70.

Compensatory payments are established by decision of the administration of the enterprise, office, or organization where the parent works; if the parents do not work, the decision is made by the head of the rayon (city) social security department. Decisions are made on the basis of the mother's (father's, parental substitute's) application, the child's birth certificate, and a document certifying the child's place of residence; for college, vocational, and technical school students—a document from school certifying that the student does not receive a stipend; and, when necessary, documents showing family income for the previous calendar year.

The application for monthly compensation payments should indicate that no allowances or pensions are paid for the child under current legislation and that the child is not fully maintained by the state, and that the student, if applicable, does not receive a stipend.

The first compensation payments will be made without requiring this additional documentation and will be recalculated, if necessary, at a later date.

Goskomtrud Studies International Employment Experience

914F0171A Moscow PRAVDA in Russian 21 Mar 91
Second Edition p 2

[Interview with A. Chernyshov, chief of the Administration for International Cooperation of the USSR State Committee for Labor and Social Problems, by PRAVDA correspondent T. Smirnova: "A Prescription To Prevent Unemployment"]

[Text] The market is at the doorstep of every apartment. They scare the people with it; it is feared. Confused, we grasp the meaning of the previously unknown notions "crisis," "inflation," and "unemployment." One question torments us: How are we to survive? Meanwhile, crisis phenomena in the economy are not something that we have invented. Various countries encounter them from time to time. Experience accumulated by the International Labor Organization (ILO) helps many of these countries to find a way out of critical situations and solve the most acute social problems. A PRAVDA correspondent discussed opportunities for using this experience with A. Chernyshov, chief of the Administration for International Cooperation of the USSR Goskomtrud [State Committee for Labor and Social Problems].

[Smirnova] Could you please discuss the role of our country in the ILO.

[Chernyshov] This organization strives to ensure the defense of the main rights of the working people, and

supports efforts by states aimed at achieving full employment and improving the standard of living of the populace. The Soviet Union participated in the operation of the ILO from 1934 to 1940, and subsequently we once again resumed our membership in 1954. A certain evolution of our relationship may be traced. Previously, we were there in, so to say, didactic capacity, and lectured everyone about how they should carry on. We were there in order to support the international workers' movement and the liberation movement of developing countries, and to propagate our own achievements. We began to look at foreign experience and study it only as our last priority. However, in essence there were nihilism and the negation of the international experience. For example, we believed that unemployment, inflation, and strikes were organically alien to us. Our position in this organization changed seriously after we proclaimed new principles of political thinking and stated that we wanted to be an integral part of civilized society, thus ensuring a transition from lecturing to a dialogue and cooperation.

[Smirnova] May we say that our country has now tapped the experience of the ILO?

[Chernyshov] In the fall of last year, we signed a far-ranging agreement; we have already submitted several legislative acts to ILO experts and begun to implement several programs. An ILO support association and an international center for facilitating the development of small- and mid-size enterprises, affiliated with the Moscow State University, have been set up in our country. I would like to note in particular the international center for social and labor issues which will provide instruction concerning the correct application of the principle of social partnership to new managers who are capable of grasping and implementing these ideas, operating in the labor market, resolving social conflicts, and predicting, analyzing, regulating, and reducing unemployment. The first groups of specialists are already being trained.

For example, there is also the TRUGA experiment which is being carried out based on a joint decision of the USSR Goskomtrud, the Moscow Oblast Ispolkom [Executive Committee], and the Leningrad Oblast Ispolkom, with the participation of the ILO. This has to do with a system for the comprehensive development of the socio-economic potentials of rayons. In this case, these are Odintsovskiy and Orekhovo-Zuyevskiy Rayons in Moscow Oblast and Tosnenskiy Rayon in Leningrad Oblast. The idea is as basic as can be: the mineral, raw-material, labor, agricultural, and manufacturing potential of a rayon is determined, and an assessment is made of what this can generate, what is necessary for everything to "be put to use"—every square meter of land, every tree, and every bush, as well as the people: What do they have to offer, what standard of skills do they have, how interested are they in work? All factors are taken into account, and a long-range program for the development of the rayon is worked out. The ILO selects donors who finance this experiment.

[Smirnova] You have outlined the overall idea of the experiment. Could you please give us specific examples of it?

[Chernyshov] I will try. It is common knowledge that there are many peat bogs in the Moscow area. Small enterprises using them to produce peat briquettes for growing cucumbers, tomatoes, bushes, and fruit trees may be set up. They use such briquettes all over the world.

Let us also look at briquetting wood wastes. Compact equipment exists that makes it possible to utilize all wood wastes, such as stumps, knots, wooden crates, sawdust, and offcut timber. Things that are commonly burned or rot in our country may be briquetted, and charcoal may be obtained which will heat houses, cottages, or, finally, will be used in the fire-chambers of thermal power stations.

There are clay quarries, and the manufacturing of ceramic products may be established, such as insulators and tiles. Everything will be used, even if nothing is available but a road with tall weeds growing on the shoulders. After all, in our country you can travel hundreds of kilometers, and there is nowhere to drink or eat. Why should we not give to the people this area which nobody needs, and build on it small cafeterias, coffee houses, and so on? Taken together, this is the potential which the ILO experts found in keeping with special methods during their visit to the USSR. They inspected the rayons closely and requested materials. Detailed documents, including recommendations on how to organize the undertaking, will be prepared by April.

[Smirnova] This sounds lucrative. However, there is a reason why the people say: one without money is one without things to do. Who is going to finance all of this?

[Chernyshov] The sponsors undertook to finance the foreign-exchange part of it. For example, the government of Germany allocated one million marks for our programs, transferring them to the ILO for this specific purpose. A number of other countries are prepared to act similarly if they perceive that the process of creating market relations is under way in the Soviet Union.

[Smirnova] At present, the looming unemployment is on everyone's lips. May the blow of unemployment be cushioned?

[Chernyshov] A labor market and a market as such are absolutely unavoidable if we want to attain the standard of a civilized country. We will arrive at this sooner or later, but it is better to do it in a deliberate and manageable manner, cooperating and interacting with the world. There will be something to do for everyone if our economy is organized wisely.

[Smirnova] However, in the process many people will have to be retrained; they will have to learn new skills...

[Chernyshov] They will be helped by the module system of training and improving the skills of personnel developed by the ILO. This is a universal system. It has been tested, and it makes it possible to adjust the skill levels of workers to new technologies three or four times faster than in the usual manner.

[Smirnova] Specifically where is this system being implemented?

[Chernyshov] There is an agreement with two branches, the Ministry of Automotive and Agricultural Machine Building and the Ministry of the Machine Tool and Tool Building Industry. Recently, we held a six-day seminar in Lyubertsy, and nine of the largest plants, which include the ZIL [Automotive Plant imeni I.A. Likhachev], the AZLK [Automotive Plant imeni Lenin Komsomol], the ZAZ [Zaporozhye Automotive Plant], the Lipetsk, Kharkov, and Minsk Tractor Plants, the Lyubertsy Agricultural Machinery Plant, and the Rossel'hozmash [Rostov Agricultural Machinery Plant], resolved to introduce the module system.

[Smirnova] Anatoliy Sergeyevich, by all signs you look to the future with optimism.

[Chernyshov] Yes, I am an optimist because I am aware of the experience of the world in the sphere where I work. It is just that a market economy means the prevalence of the interests of capital over the interests of the people, whereas a social market economy is when the interests of the people prevail. All of us need to learn this science from the very beginning.

Ukrainian Official Interviewed on New Employment Law Mechanisms

914F0173A Kiev SILSKI VISTI in Ukrainian
14 Mar 91 p 1

[Interview with M.P. Biloblotskiy, chairman of the Ukrainian SSR Supreme Soviet Commission on Questions of Social Policy and Labor, by N. Tsyupa: "Is Unemployment Knocking at the Door?"]

[Text] On the threshold of a transition to market relations, the issues of unemployment security and social guarantees on the part of the state ensuring the right of each of us to work are becoming especially timely. Recently a session of the republic's Supreme Soviet adopted the law "On Employment of the Population." Will it save us from such misfortunes as unemployment, and what will be the mechanism that protects us? M.P. Biloblotskiy, chairman of the Ukrainian SSR Supreme Soviet Permanent Commission on Questions of Social Policy and Labor, answers these and other questions from our correspondent.

[Tsyupa] Mikola Petrovich, your commission was closest to the creation of the new law. What is it like?

[Biloblotskiy] Under conditions of a market economy and equality of different forms of property, this law

defines the legal, economic, and organizational foundations of employment of the population, unemployment security, and social guarantees on the part of the state ensuring the citizens' right to work. I believe that it is very necessary today and concerns practically every adult resident of the republic.

[Tsyupa] Let us look at its most important provisions. How, for example, should employment of the population be understood today? After all, we already have private farmers here, people who work at individual labor activities... Are they employed according to the law or not?

[Biloblotskiy] Are we talking about citizens who work independently? These are entrepreneurs, the so-called "individuals," people who are occupied in creative activities, members of cooperatives, and private farmers and the members of their families who take part in joint production—they are all part of the employed population. This also includes those who are elected or appointed to paid positions in state organs and social organizations, as well as those who are tasked with carrying out paid public work. I want to stress that this also pertains to people who are raising children and caring for the ill, as well as the disabled and the elderly.

[Tsyupa] Then who falls under the heading of "unemployed?"

[Biloblotskiy] Here I will quote the aforementioned document: "Unemployed people refers to able-bodied citizens of working age who, because of reasons beyond their control, do not have a salary (labor income) because of the absence of appropriate work, are registered with the state employment service, are genuinely searching for employment, and are capable of beginning work."

[Tsyupa] You used the term "appropriate work." What do you believe is appropriate work for an unemployed person?

[Biloblotskiy] It is work that corresponds to his education, profession, and skills, and is located in the locality where he resides. And for those people who are looking for work for the first time and do not have a profession, it is work that requires prior professional training. If there is no possibility of finding such work, then it is other paid work (including temporary work).

[Tsyupa] It may happen that the period for payment of unemployment assistance ends, but there is still no possibility of finding work in one's profession...

[Biloblotskiy] In that case work will be considered appropriate that demands a change of profession, taking into account a person's abilities, education, and available means of training.

[Tsyupa] Someone who has become unemployed may, perhaps, not have much of a choice of places to work. Nonetheless, are some guarantees of the right to choose one's form of activity stipulated?

[Biloblotskiy] Such guarantees are stipulated. The guarantees include the voluntary nature of the work, protection from arbitrary refusal of employment at a job and illegal dismissal, free help in choosing work and placement, compensation of material expenses in connection with transfer to a new region, free training for new professions, payment of severance aid and unemployment assistance, etc.

[Tsyupa] But there is a category of people who even today are not always capable of competing on the labor market. For example, women who have young children or disabled children, people nearing retirement, the disabled, and people who have prison records. What will happen to them?

[Biloblotskiy] The law stipulates certain guarantees for them such as the creation of additional jobs and specialized enterprises, the organization of special training programs, etc. For this the local soviets of people's deputies will now reserve up to five percent of the total number of jobs at enterprises, institutions, and organizations, including jobs with flexible employment. Five percent of their positions are also stipulated for the placement of school graduates.

[Tsyupa] But will the manager of a factory want to employ a disabled person, a mother with many children, or someone just out of school? That will increase the size of the labor force.

[Biloblotskiy] It will be more profitable for managers to employ such people than pay a fine amounting to the average annual wage for each refusal. This money will replenish the state fund to promote employment of the population and will be used to finance the expenses of those enterprises that create jobs for these population categories over and above the established quota.

[Tsyupa] There are already people today who have lost their jobs in conjunction with changes in the organization of production, and there will be many more of them in the future. Are any privileges stipulated for them?

[Biloblotskiy] Yes. For such people the average wage at their previous place of work is maintained for three months (during the period of new job placement). Unemployment assistance will be set at 75 percent of the wage at the last place of work during their next three months, and 50 percent for the following six months. The average wage is also maintained for the entire period of professional retraining while out of work. People nearing retirement age have the right to retire early—18 months before the age established by law.

[Tsyupa] How will unemployment assistance be paid and in what volume?

[Biloblotskiy] Such assistance will be paid beginning the 11th day after the unemployed person registers at the state employment service for as long as he is able to look for work. But not for more than 12 months during the following three years, and for people nearing retirement

age—up to 18 months. For young people who are looking for work for the first time, assistance will be paid for six months. Unemployment assistance will be set at no less than 50 percent of the average wage at the previous place of work but may not be lower than the minimum wage established by law. This is under the condition that a person has had paid work for no less than 12 weeks during the year which preceded unemployment. And those who are looking for work for the first time will receive no less than 75 percent of the minimum wage established by law. In addition, family members who are dependent on an employed person and people who have lost the right to unemployment assistance in conjunction with the expiration of payment of the assistance may be granted material aid amounting to 50 percent of the minimum wage per person. Funds for this will be provided by the state fund to promote employment of the population.

[Tsyupa] Mikola Petrovich, say a few words about that fund and the population employment service.

[Biloblotskiy] A state employment service is being created that will operate under the supervision of the Ukrainian SSR Ministry of Labor and the executive committees of the local soviets of people's deputies. Its services will be granted to the population free of charge. Its activities will be financed by the state fund to promote employment of the population. The state fund is an independently financed system and is organized at republic and local levels using appropriations amounting to no less than 3 percent of republic and local budgets, obligatory contributions of enterprises, organizations, and cooperatives, and voluntary contributions of public organizations and citizens.

[Tsyupa] Thank you for the interview. And I sincerely hope that unemployment will affect as few people as possible and that the services being created perform their humanitarian mission with intelligence and do not become one more center for bureaucrats.

Belorussian Takes Measures Against Unemployment

*LD1503102791 Moscow TASS in English 0848 GMT
15 Mar 91*

[By TASS correspondent Konstantin Stolyarchuk]

[Text] Minsk March 15 TASS—About 1.7 million people can lose their jobs in Belorussia in the coming two years, according to estimates by the republican labour and social security committee.

The estimates are based on the expected decline in industrial output and slowed technological progress in the republic, the workforce of which includes about six million people, or 58 per cent of the population.

To cope with the wave of unemployment, Belorussia is reorganising its job placement services. It has also set up

an association of personnel departments to develop various forms of labour contracts for workers and employees.

Specialists say some 622,000 people will be able to find jobs themselves, whereas others will have to apply to state job placement agencies.

With 90,000 vacancies created in the republic annually, Belorussia will be able to employ about 200,000 people at once. Those who will not get a job according to their skills can attend special courses to acquire a new profession.

About 50,000 to 60,000 people will receive unemployment benefits.

"In big cities, the unemployed will include mostly teachers, accountants, economists, school graduates, as well as elder people," committee official Dmitriy Vaneyev told TASS.

He said the committee's strategy is to motivate people to work. To this end, according to the republican law on employment in Belorussia adopted in the first reading, an unemployment allowance will amount to a double-size minimal monthly salary in the republic and will be paid within six months.

CIVIL AVIATION

Hypersonic Flying Machine Plans Discussed

914H0119A Moscow *RABOCHAYA TRIBUNA*
in Russian 12 Mar 91 p 3

[Interview with D. Ogorodnikov, director of the Central Institute for Aviation Engine Building, by A. Sokolov, under the rubric "Topical Interview": "Why We Should Leap Into the Stratosphere"]

[Text] "Here's our design. We're planning to go to the president of the country with it. . . ."

D. Ogorodnikov, director of the Central Institute for Aviation Engine Building (TsIAM), shows us a striking poster. The decisive drawings of the machines depicted here allow for no mistake. This is a hypersonic flying machine. A leap with passengers through the stratosphere, nearly cosmic speeds: western firms have excited the attention of visitors to recent space-aviation conventions with the idea of creating this amazing means of transport.

[*RABOCHAYA TRIBUNA*] On this kind of "hyper," Moscow to New York is a two-hour flight. It's enticing. Does that mean a design like this has become our trump in conversion?

[Ogorodnikov] Maybe not a trump but a new ideology.

[*RABOCHAYA TRIBUNA*] In what way is the current ideology not to your liking?

[Ogorodnikov] In the fact that it is essentially lacking. You'll agree, we cannot represent the manufacture of macaroni machines and skillets as full-fledged conversion. This is not simply an uninviting occupation for our specialists; it is also economically unprofitable for the country. It's estimated that one hour of work time spent on the production of consumer goods and the above-mentioned macaroni machines yields output worth 7-12 rubles [R]. Whereas aviation technology can yield as much as R100 in domestic prices. Exporting it, we could get up to R50-180 in hard currency, or up to \$300, for that hour. I say this only to make it clear: it is unprofitable to exchange talent and accumulated potential for small change. A major undertaking is needed. We are suggesting our own scenario.

[*RABOCHAYA TRIBUNA*] Still, I doubt that the people will be ecstatic over the "hyper." Empty shop shelves poorly dispose people to dreams of a nice short flight to America. And it's hard to think of other gifts of conversion. We've never seen them before.

[Ogorodnikov] Don't go chopping us off at the shoulder. Why don't we think about how to avoid expenditures for military production henceforward instead.

It's no secret: the state has never skimped on defense; it has invested enormous funds into research and production both. The result is that today we have supertechnology—supertechnology on a world level—for war. And our research still holds advanced positions. Unfortunately, however, it holds them behind a stone wall from civilian needs. Even individual inventions, if they were of any interest, or could provide a technological breakthrough, have been squashed by the Defense Ministry: "for official use." We don't have to talk about the institutes. Any elaborations have been a secret under seven seals. That's here. But they have always acted under the "spin-off" principle, under which scientific and technical elaborations of a military nature become the property of civilian production fairly quickly. Today the Pentagon arms a new airplane and tomorrow auto plants start putting out engines based on the new technology. This is the normal process of interaction between the potentials of military science and peaceful production. And notice: not one highly developed state is decreasing appropriations for military science; on the contrary, they are doing everything possible to encourage elaborations in priority areas. Not for no reason, right? We're proposing to go even further: not to stint on a profoundly peaceful object, the "hyper"; thanks to it, and with the help of the potential of military science, to accomplish a technological breakthrough. Think about it: the end goal is not destruction but creation.

[*RABOCHAYA TRIBUNA*] And concretely?

[Ogorodnikov] The "hyper" is capable of pulling many branches of the economy out of stagnation. How does our technology differ from foreign technology? Chiefly in its unreliability. Combines come to a halt in the field due to breakdowns, pipelines and pumping stations go off line, nuclear reactors explode, and trains derail. . . .

Today we can propose new technologies that will increase machine reliability.

Our "hyper" has to be used with extra payloads and at high temperatures. And this means new super-durable materials: metals, ceramics, carbo-plastics. Today we are standing on the threshold of a severe energy crisis, and our elaborations are superpowerful gas turbines. It's no secret that the future of the country's energy development is linked with such elaborations. The creation of super-fast combustion processes and new fuel will help alleviate the ecological problem as well. All these technologies, in turn, are linked with new diagnostic methods. The design of reliable assemblies and aggregates is possible only with the application of mathematical methods and models. And this is again a breakthrough to a qualitatively different level of computer technology creation. In short, whatever the sphere, we discover applications and tempting prospects everywhere.

[*RABOCHAYA TRIBUNA*] Yes, on this backdrop macaroni does look pale. How is it that your people haven't scattered yet?

[Ogorodnikov] You're joking?

[RABOCHAYA TRIBUNA] (738 people left TsIAM in a year—an institute that comprises not only a national but a world legacy. Nonprofile production is worsening the institute's financial position. The pay is miserable. . . .)

This is not just your institute's misfortune but that of all "mailboxes." The harsh framework of myriad restrictions does not foster economic activity.

[Ogorodnikov] Part of the trouble is that we are always being bargained with. Right now something else is more frightening: people are losing interest in work. They're burdened with haggling rather than intriguing research. As a result unique workbenches are standing idle.

[RABOCHAYA TRIBUNA] Nevertheless, one cannot neglect specialists' material position.

[Ogorodnikov] For now we're trying to work it all out, at least somehow to protect our associates socially. We're creating cooperatives so that funds obtained are used to stimulate scholars working on promising topics, and we are developing our marketing in order to sell our elaborations to the consumer. After all, our openness is very relative, and we are naturally little known. We are setting up ties with foreign firms. Interest in our elaborations is being exhibited by such serious partners as NASA, General Electric, and others. Our Aeroflot has finally become a customer.

Right now we are creating engines for the civilian airplanes IL-96 and TU-204. I think that here we can help civilian aircraft construction to approach the world level to at least a degree. Under contracts concluded with several ministries, we are working on the problem of the reliability and efficiency of turbo-bores that do not stand up to any criticism. But this, I'm convinced, is not the most rational route for the conversion of military science.

We need to change its ideology. Not cut budget funds for scientific research but on the contrary, increase them. At the expense of what?

We have done some economic research: what percent of expenditures for aircraft engines goes to scientific elaborations? It's ridiculous to say: two percent!

Given the current world set-up, any state ought to be concerned about its defense capability. Its basis is not only thousands of modern aircraft, tanks, and rocket installations but, above all, military knowledge, science, technology. And this invisible portion of the iceberg must not only be maintained but constantly improved and potential accumulated.

The main thing, actually, is not this at all, though. The problem of conversion for military science needs to be considered above all not in the framework of research cutbacks but in the search for opportunities to introduce its achievements for the development of scientific-technical progress into the country's economy.

The design for the creation of the "hyper" is a harmonious scenario for utilizing all our possibilities. Therefore we are going to the president of the country with it.

RAIL SYSTEMS

Railworkers Trade Union Meets

Trade Union Chairman's Speech

914H0122A Moscow GUDOK in Russian 6 Mar 91 p 2

[Speech by I.A. Shinkevich, chairman of the Independent Trade Union of Railroad Workers and Transport Construction Workers, at the 3d Trade Union Central Committee Plenum: "Social Protection for the People"]

[Text] In the period that has passed since the 25th Congress, the Trade Union Central Committee has taken action to reinforce the social protection of the railroad workers and transport construction workers and has implemented a number of important actions, contributing to a reduction in the tense situation in work collectives. Many urgent problems have been eliminated.

The problem of expanding the list of occupations for preferential pension security has been solved. The length of additional leaves for workers employed in construction, renovation, re-equipment and capital repair of subways, tunnels and other underground structures has been increased. Efforts made concerning the problem of allotting additional capital investments for housing construction in the BAM zone were not without success. A preferential procedure was established for taxation of part of the profit of enterprises, directed toward financing the housing fund and other objects for social, cultural and everyday purposes. There is scientific development of a comprehensive evaluation of the labor conditions for workers in a number of leading occupations in railroad transport, for subsequent consideration of the problem of additional benefits.

Unfortunately, by no means all the work collectives are aware of what has already been done. At meetings and in conversations with the railroad workers, it was ascertained that they simply know nothing of many of the problems that have been solved. Online information should be regarded as of paramount importance in all our work. We hope that this goal will also be served by the work of the Information Center, organized and already functioning at the Trade Union Central Committee, which, through the VESTNIK PROFSOY-UZNOY ZHIZNI, express-information service and press releases, will send each primary organization information on what the trade union is doing.

The problem of wages is perhaps more urgent today than ever before. By solving it, we will be able to stabilize the situation in the sectors. As a result of the rise in retail prices and inflation, the standard of living has dropped sharply, transport volumes have diminished noticeably, and consequently, the wage fund as well. The situation is

no better in transport construction where, because of the shortages of building resources and the sharp rise in prices for materials, the volume of construction-installation work has also dropped.

The urgency of another exceptionally important problem, related to providing foodstuffs for the workers in our sector, is also increasing. Today we can say, with full justification and responsibility, that government decree No 1000, in October of last year, which pertains to working out and implementing measures of the USSR Ministry of Trade on improving the food supply for railroad workers, has remained unfulfilled.

A subject of particular alarm is food for the tremendous army of railroad workers working on the routes. They are the locomotive brigades, workers in the refrigerated sections, railcar conductors and certain others. In consideration of the seriousness of the situation that has been created, the presidium of the Trade Union Central Committee, at one of its recent meetings, faced the management of the Ministry of Railways and the railroad directors with this problem. So far, however, the matter does not go beyond promises. The presidium also took the text of a Declaration to the government of the Russian Federation, for examination and a positive solution to the problem of providing railroad workers with funds for food products. We must not slacken our aggressive and persistent work until the problem is finally solved.

The program adopted by the congress to provide housing for the railroad workers and transport construction workers is threatened with failure. The transition to a market economy has brought substantial amendments, even here. The cost of construction resources has already risen 2-2.5-fold. The buyer, however, has the same amount of money as at the planning level last year. The provision of centralized funds allotted for housing construction is poor.

Among the problems requiring close attention under the conditions of market relations is the employment of railroad workers and transport construction workers. The volume of freight presented for transport dropped noticeably last year, because of the reduction in production. This was shown particularly in January-February of this year. The situation is no better in transport construction. The sharp rise in prices for material resources, machinery and equipment, and the lack of sufficient funds among the buyers leads to a considerable reduction in the construction volume and a resulting cutback in construction workers.

On 1 February, the presidium of the Trade Union Central Committee, at an expanded session, with the participation of the first deputy minister of Railways, examined in detail the critical situation that has formed in railroad transport, and adopted a resolution to appeal to the president of the country, since it is not up to the

railroad workers themselves to solve the problems that have accumulated. The text of the appeal was published in the newspaper GUDOK.

On 14 February, an expanded session of the collegium of the Ministry of Railways was held, at which measures were considered to fulfill the transport plans in 1991 and ensure stability for the sector's workers under the conditions of the transition of the country's economy to market relations. Members of the presidium of the Trade Union Central Committee and the chairmen of road committees also took part in the work. On the following day, the state of affairs in railroad transport was examined at a meeting of the USSR Cabinet of Ministers and by the president of the country. Along with information on the critical situation that had formed in the work collectives, we submitted specific proposals, in particular on raising the wages of the railroad workers, on allotting funds from the State budget to raise the wages of the workers in public education and public health, ensure financing and material-technical supply for the yearly construction of 70,000 apartments, on including in the list for preferential pension security inspectors, railcar inspector-repairmen, foremen, brigade leaders, and track fitters engaged in routine maintenance and repair of the tracks and manmade structures, and on supplying railroad workers with food products and industrial goods. Virtually all the road chiefs speaking actively supported the position of the Trade Union Central Committee.

M. Gorbachev and V. Pavlov had an understanding attitude toward our problems and the need to solve them in a very short time, despite the existing difficulties. It was acknowledged as inexpedient to cut back the work places in railroad transport, despite the drop in transport volume. Resolutions were adopted so that the dropping coefficients not be applied, which ensures wage payment under the conditions of a transport cutback. The tariffs for passenger transport were increased by an average of 70 percent. They will be introduced at the same time as the introduction of the new retail prices. Instructions were given to accelerate the consideration of problems of pension security for track workers and railcar workers, and to raise the wages of railroad workers and workers in public health and enlightenment.

Then there was a meeting at Gosplan [State Planning Committee]. The position of the trade union was as follows: increase the average wage for the sector by 50 percent and bring it to the level of the highly paid members of the sector. This is without taking into account the forthcoming adjustment related to a rise in wholesale prices and income indexing.

Agreements between the Trade Union Central Committee and the Ministry of Railways for 1991 are now being worked out. An understanding was reached on most of the questions submitted by the trade union. At present, however, the document has not been presented for joint discussion of the collegium of the Ministry of Railways and the presidium of the Trade Union Central

Committee, due to the failure to agree on the most important point—raising the wages by at least 50 percent.

We hope that the discussion of the designated problems will make it possible to work out the basic directions and forms of the trade union's activity for the near future. All the members of the Trade Union Central Committee, road and area committees and trade union organizations should be actively included in this work, achieving specific solutions.

Deputy Rail Minister's Report

914H0122B Moscow GUDOK in Russian 6 Mar 91 p 2

[Report by V.A. Shevandin, deputy minister of Railways]

We should all well understand that our possibilities of increasing wages will depend exclusively on increasing transport and the volumes of work, services and our revenues. It should, however, be reported to the plenum that in January-February the transport volume was reduced by six percent, and labor productivity was reduced by 8.3 percent.

To ensure the stable work of railroad transport, a resolution was adopted by the USSR Cabinet of Ministers to the effect that, if freight is not presented for transport, or its volume is reduced for other reasons, not dependent on the work of the enterprises and associations, the reduced coefficient is not applied in determining the amount of the funds directed to consumption. This is a very important position, and it will make it possible for the railroads, in the first quarter, to maintain the wage fund at a level no lower than that of the 4th quarter of last year. The problems of increasing the base level of expenditures for consumption this year are now being worked out.

On 15 February, the USSR Cabinet of Ministers instructed the central economic departments to examine and solve the problems posed by the Ministry of Railways and the sectorial Trade Union Central Committee on improving the wage system for the railroad workers, bearing in mind the granting of privileges and additional payments for accident-free work, the establishing of a coefficient for wages for the complexity of the work conditions and centralized allotment of funds to raise the wages of the workers of institutes of public health and enlightenment of the Ministry of Railways.

It should be said, however, that it will be extremely difficult to solve these problems, considering the complex position of the country's economy.

One of the most important problems is that of accelerated development of the social sphere. This year it is extremely necessary not only to maintain the rates taken for its development, but also to emerge at the level specified by the "Program for Modernization and Re-equipment of the Railroads in 1991-2000."

In accordance with this program, in 1991 our sector should utilize 2.56 billion rubles for social development and ensure the introduction of 70,000 apartments, 13,300 spaces in preschool institutions, 27,200 spaces in schools, hospitals for 2,165 beds, polyclinics for 8,000 visits per shift and 2,000 spaces in palaces of Culture.

The government is faced with the problem of fully centralized provision of material-technical resources for the entire program of development of the sector's social sphere.

Despite the difficulties, in 1991 the railroad workers and their family members are to sell about eight billion rubles' worth of commodities and render 30 million rubles' worth of everyday services. One billion rubles' worth of commodities will be purchased in addition to the market funds allotted by the system of worker supply.

The ministry, in conjunction with the railroads, is constantly reinforcing the material base of educational institutions, which has made it possible to cut in half the waiting list for children's preschool institutions, as compared with 1986. The task now lies in completely satisfying the demand of the sector's workers for kindergartens by 1992.

To solve the problem of wages for teachers, the Ministry of Railways, in conjunction with the Trade Union Central Committee, has petitioned the government to allot centrally 173 million rubles for these purposes. The finishing work on this document is now being completed at Goskomtrud [State Committee for Labor and Social Problems]. We hope that it will be issued in the near future.

Another important social problem is creating the necessary conditions for normal functioning of the sectorial public health institutions. We are now working out a new concept of wages for these workers, which will require about 500 million rubles to introduce. Their wage level will increase by an average of 40 percent. At the same time, the correspondence between the wages of our medical workers and the workers of republic public health institutions will be ensured.

Plenum Resolutions

914H0122C Moscow GUDOK in Russian 6 Mar 91 p 2

[Plenum resolutions]

The Plenum Has Resolved

1. To require that the management of the ministries of Railways and Transport Construction, the chiefs of the roads, divisions, subways, trusts and construction administrations and other enterprises and organizations of railroad transport and transport construction adopt a set of measures directed toward stabilizing, this year, the situation in the sectors, raising the standard of living of the railroad workers and transport construction workers and ensuring their social and legal protection.

To specify, in so doing, the creation of conditions for a rise in wages (for railroad workers, of at least 50 percent), bringing them to the level of the leading sectors of the national economy, with further maintenance of the correlation achieved, to maintain the work places, train and improve the skills of the personnel and expand the list of social-everyday benefits for workers in consideration of the length of their work service.

The Plenum appeals to the USSR government with a request to assist the Ministry of Railways in raising wages, allotting the necessary funds for this from the union budget.

Not to permit a reduction in the volumes of construction for objects of the social sphere, to achieve the allotment of quotas for yearly construction of 70,000 apartments for railroad workers and 22,000 apartments for transport construction workers.

2. The Ministry of Railways and the Trade Union Central Committee are to appeal to the USSR Supreme Soviet with an urgent demand to accelerate the adoption of the USSR Law "On Railroad Transport," with the inclusion of provisions on the priority development of the sector and accelerated development of the social sphere.

3. To adopt the following as priority problems, requiring energetic action from the ministries of Railways and Transport Construction for a solution:

- allotting funds for 1991 to finance the program for re-equipment and modernization of the railroads;
- granting privileged pension security for workers of railcar technical service centers and track fitters;
- financing the maintenance, construction and renovation of subways;
- granting the right to railroad divisions, associations of industrial railroad transport, subways, construction trusts and organizations on the same footing with them, with a reduction in work (revenue) volumes for reasons beyond their power, to issue, in 1991, funds directed toward consumption within the limits of the basic fund;
- permitting enterprises, associations and organizations of the system of the ministries of Railways and Transport Construction to correct, by quarters, the base level of 1990 expenditures for wages, in consideration of the additional funds paid out;
- centralized allotting of funds from the union budget to raise the wages of workers in public health and public education;
- establishing one-time awards for irreproachable work during the year for workers involved in train traffic and passenger service, through funds of the union budget;

—ensuring that workers with work of a traveling nature are supplied with food products;

—paying wages to construction workers on the subways and tunnels at the level of the mine construction workers of the coal industry;

—not taking into consideration, in the "base" and current year, funds directed toward wages for workers in the social sphere, and issuing them as an estimate for these purposes;

—establishing in the sector a procedure for paying the workers for hours of unfinished work until the work hour norm is established in the period under review, because of the drop in transport volumes for reasons that are beyond their power;

—ensuring all workers in railroad transport and transport construction and members of their families free tickets for travel for everyday and personal necessities on railroad transport, and for transport construction workers, on water transport as well;

—working out a system of ensuring social protection for workers in the leading occupations of railroad transport, who, from medical evidence, cannot further fulfill their duties. Specify, in this case, an additional payment to the average wage for the former occupation, depending on the length of service.

4. The Presidium, permanent committees and professional sections of the Trade Union Central Committee, trade union road and area committees and enterprise trade union committees are to take measures to ensure social-legal protection of railroad workers and transport construction workers, and particularly, in questions of employment, to raise wages, and to expand the list of existing benefits and compensations, including them in the collective contracts and agreements for 1991.

5. Instruct the Trade Union Central Committee Presidium to correlate the critical remarks and suggestions expressed at the plenum and to make a decision on them.

High-Speed Rail Line Plans Continue

Rail Institute Rector Interviewed

914H0120A Moscow GUDOK in Russian 28 Feb 91 p 2

[Interview with V.G. Inozemtsev, rector of the MIIT [Moscow Institute of Railroad Transport Engineers], corresponding member of the USSR Academy of Sciences, by N. Davydov, GUDOK correspondent: "A High-Speed Rail Line to the West"]

[Text] The country's railroad transport, just as the entire national economy, is experiencing a profound crisis, to a considerable extent caused by carrying out, in the period of perestroika, poorly thought-out decisions in the economic sphere, as well as by insufficient capital investments in the preceding years. Nevertheless, programs for

the most efficient development of the railroads, which are the basis of our economy, must be drawn up and carried out in the future.

The integration of the Soviet Union into Europe's economic system requires an expansion of transport relations. We are already suffering great losses from freight delays at border crossings, due to the difference in gauge width. Under the conditions of the deficiencies in the transport systems, work forces and railcars, not only freight, but also passenger cars are held up when shifting from our gauge to the Western one and back again. Studies show that there are great reserves here for increasing traffic speed.

[Davydov] Vladimir Grigoryevich, remind us of the basic advantages of high-speed traffic.

[Inozemtsev] Minimum power consumption, the ecological purity of electrified roads, a high degree of traffic safety, the possibility of automating transport and high labor productivity. All this establishes a promising future for specialized high-speed railroad routes, which are being increasingly developed in Europe. Allowing for the building of new lines and the renovation of existing ones, this network will connect the capitals of European states, and will go from France to England through the English Channel tunnel. By 1995 its total extent will exceed 12,000 kilometers.

[Davydov] Can our country remain outside the system of international high-speed railroad service?

[Inozemtsev] I think that this would be a mistake. For a number of years, we have been working out a scientific plan for a high-speed passenger railroad mainline, "Center-South," on the Leningrad-Moscow-Kharkov-Crimea-Caucasus route, without specifying a direct link to Europe's high-speed network. Today, however, it is time to examine the overall perspectives for building high-speed mainlines and to determine the priorities of various routes.

Unquestionably, the linking of a high-speed railroad between the major centers of the country—Moscow and Leningrad—has a promising future. It is expedient, however, to regard as promising a Moscow-Brest line, with a subsequent exit through Warsaw and Berlin to the Western European network of high-speed mainlines. True, there is so far no passenger flow here that is commensurate with transport between Moscow and Leningrad or the South. In the future, however, this line can provide a high-speed link between the capital and all of Western Europe, and there is no doubt that it has a promising future.

[Davydov] What will happen, though, with the difference in gauge width?

[Inozemtsev] This line should be built with the Western gauge width—1,435 mm. This design will make it possible, in certain periods of the 24-hour day, at night, for example, to pass through not only high-speed, but also

ordinary passenger trains in international service, as well as to bring Western freight cars onto our territory without hindrance, eliminating a considerable amount of transshipment at Brest. All of this establishes the high economic effectiveness of the mainline.

[Davydov] Are there no other problems in developing a unified high-speed network with Western Europe?

[Inozemtsev] Unfortunately, there are. Quite an unfavorable trend has taken shape—each State solves the problems of power supply, automation systems and the parameters and type of rolling stock independently. As a result, only the gauges are unified today. For example, the French TGV high-speed express cannot travel along the high-speed mainlines of Germany, and the German ICE—along the roads of France.

This situation can be justified at the stage of seeking the optimal technical solutions, but with the transition to the creation of a unified European network of high-speed roads, a new approach is needed. It is expedient that the initiative for a new approach comes from us. A work group of specialists from various countries should be created for specific solutions.

The task of this group is to work out unified technical requirements for a high-speed system of European railroad transport, determining the norms for the tracks, rolling stock, axle loads, power supply devices, safety systems and brakes. These technical requirements should be approved by the International Railway Union and the USSR Ministry of Railways, and be compulsory for all those participating in international high-speed traffic.

[Davydov] Vladimir Grigoryevich, explain the need for unified technical requirements, giving an example.

[Inozemtsev] Structurally, high-speed trains are made as motor railcars. Since motor railcars, as a type, have locomotives available only at the head and the rear of the train, they are not uncoupled and not changed during the trip. Over long distances, however, you cannot do without replacement. Therefore, unified technical requirements are particularly crucial for an international high-speed network. Also, since this train will be operated by engineers of various countries, a certain uniformity of the engineer's cab and methods of controlling the train, both manual and automatic, are needed to make it possible to train them.

[Davydov] Finally, how does the financial aspect of carrying out this program appear to you?

[Inozemtsev] Under the present conditions, the construction of a high-speed Moscow-Brest mainline may require less time than working out and building high-speed rolling stock (because of the complex situation in the locomotive and railcar building industry). Therefore, at the first stage of operation—until our rolling stock is supplied—this mainline could be traveled only by high-speed trains that are the property of foreign railroads,

with the corresponding receipt of currency for passing them through. In addition, because of its proposed inclusion in the system of international service, it would be more realistic to draw foreign investments into the construction, since the mainline will ensure a sizable currency income.

The realization of this program, however, just as other fundamental programs for the renovation and development of railroad transport, is a task for the entire nation. Under the conditions of the transition to the market, it can be solved only by drawing in financial resources, primarily through a system of transport tariffs, and also through State investments.

Working Groups Meet

914H0120B Moscow GUDOK in Russian 28 Feb 91 p 3

[Article by I. Taburyanskaya: "Moscow-Novgorod-Leningrad"]

It is very likely that no one any longer doubts that our immense country needs a high-speed railroad mainline (VSM). Although there is no cessation of the bitter debates on this subject, at the most varied levels and in the mass information media, they mainly amount to how, when, where and with what money the construction should be carried out.

At the 2d All-Union Conference on VSM, which took place in Leningrad last November, and was attended by representative delegations from abroad, it was noted that the construction of the first high-speed mainline in the country will be carried out with the participation of foreign partners. The French specialists then stated that the degree of interest of foreign firms in this participation would depend on the profitability of the project, and suggested carrying out an independent expert examination using the forces of their specialists.

An expert examination is also being carried out in our country (the draft is now at USSR Gosplan). The foreign firms, however, it would appear, have already begun to compete for participation in it.

On 21-22 February, the USSR Ministry of Railways held the first meeting of a joint Soviet-German work group on high-speed railroad transport. On the German side, leading firms in construction, rolling stock production, preparation of STsB [Signaling, Centralization and Blocking] devices and others took part in it. They included the Siemens, Hochtief, Henschel and Knorr Bremze firms.

Yevgeniy Sotnikov, general designer of the project, in speaking before the businessmen, said that the route of construction was conclusively decided: Leningrad-Novgorod-Moscow. It is assumed that the construction of the first section will be completed in 1995, and of the second—in 1999-2000.

There are possibilities of commercial operation on this railroad route, since Novgorod is a major historical center in Russia. The VSM will open up good prospects here.

Problems pertaining to the passenger transport volume, the anticipated revenues, the construction equipment and rolling stock, the dispatch control and the power supply were discussed at the meeting. In addition, problems of financing the construction of the VSM were examined.

The representative of the RSFSR government, who attended the meeting, noted that the Russian leaders had adopted a resolution on participating in the financing of the VSM in the current year and suggested that the Ministry of Railways present, before 1 June, the complete plan for the construction of the mainline, so that further resolutions could be adopted.

Southeastern Railroad Chief Interviewed on Recent Appointment

914H0118A Moscow GUDOK in Russian 15 Feb 91 p 2

[Interview with V. G. Atlasov, head of the Southeastern Railroad, by GUDOK correspondent V. Ryzhkov: "Return"]

[Text] The new head of the Southeastern Railroad is 53-year-old Viktor Grigoryevich Atlasov. Immediately after his appointment he met with our GUDOK correspondent.

Prior to their conversation, V. Atlasov said that he sees the importance of the mass media not only in their multifaceted illumination of current life but also because a good word can support the beginnings and practical successes of people and entire collectives that show initiative, jointly seeking ways to overcome the economic crisis, and can restrain political antagonism by uniting the democratic forces of parties and movements around the resolution of urgent tasks.

Railwaymen are open to criticism and ready to cooperate with GUDOK and the railway newspaper VPERED. Any information of interest to journalists will be given out without conditions or delay. In doing so we hope for objectivity and factual accuracy in the exposition of the material received.

[GUDOK] This kind of statement testifies yet again to the fact that we are talking with a politician, a people's deputy of the RSFSR. But before continuing with this topic, I'd like to hear whether economic affairs are dependent on politicians.

[Atlasov] In other words, has an outsider wound up at the helm? I'm far from a novice at transport. I come from a long line of railwaymen. I started working at the Rossosh station as a weigher and operator. Moving on to production I entered Kharkov Railway Transport Institute. I came home in 1965. Soon after I was transferred

to be deputy head of the major station of Georgiu-Dezh. Then I became deputy head of that division's traffic department. I worked in railway administration.

Ten years ago my fate changed abruptly: from the post of head of the Voronezhskoye Division I was invited to the CPSU obkom to head up the department of transportation and communication. For the last three and a half years I've worked in the council: as ispolkom chairman and as chairman of the Voronezh City Council of People's Deputies. Here issues of politics and economics are tied together in one tight knot. So that I was not taken away from economic affairs. In a city of a million, there were enough concerns for every single day and hour. Having said this, of course, doesn't mean that my return to "my own circles" will be easy. I foresee considerable difficulties. However, I'm fairly well acquainted with the specifics of the railway. I know many of the directors. This lends confidence. Especially since I accepted the railroad job without hesitation.

[GUDOK] With what feeling did you leave the city council?

[Atlasov] A feeling familiar, I think, to everyone and reminiscent of that old youthful feeling at first leaving your father's house: there's sadness but also necessity and the vivid memory of what has been.

[GUDOK] What in your past as yesterday's head of city power do you particularly treasure? What tasks did you manage to resolve?

[Atlasov] Given the acute shortage of food, for which rationing was introduced, and the empty shelves in the manufactured goods shops, it's hard to talk about any great advances.

[GUDOK] But if there weren't those advances, mightn't the life of the city's inhabitants, including your voters—the workers of the Telman train repair plant and the Otrozhok locomotive depot—and other railwaymen today have been much more problematic?

[Atlasov] I agree. In the first place everyone was upset by the quality of the drinking water, in which the iron content exceeded the permissible norm by a factor of 15-17. The construction of special treatment installations permitted us practically to solve this problem.

Simultaneously, a major step was undertaken toward saving the Voronezh reservoir from pollution. Every 24 hours enterprises on the left bank of the city were dumping 30,000 cubic meters of various outflow. Now there are treatment installations along the way.

We expanded the bread trade by opening four proprietary stores called Kolos. A new bread factory satisfied the demand of the city's inhabitants for cakes and pies. Another milk plant and five sausage shops—consumer cooperatives and industrial enterprises—opened, as well as a Pioneer palace, an oblast children's hospital, a clinic, and a movie house. All these sites were launched in the last three or four years.

We did not manage to open a dramatic theater, however. Nor have we succeeded with our Transagenstvo complex. But by May it should go into operation. Passenger service will improve substantially. Under one roof, but on different floors, there will be counters for advance ticket sales for trains, planes, and buses, to all parts of the country.

[GUDOK] One more question that you know well and that affects nearly every family today: Will summer home owners receive an additional plot of land?

[Atlasov] In the past two years the city council has managed to satisfy requests for garden plots for all enterprises, including the railroad. Now those who so wish can expand their modest holdings to 15 hundredths. For this we need to find 7,700 hectares of land. At the recently concluded session of the oblast council it was decided to complete all work on the allocation of new and additional plots to summer home owners in February so that they can get busy with gardening and horticulture this spring and fully satisfy their needs for potatoes, vegetables, and berries.

[GUDOK] Is such an energetic reaction on the part of both the city and oblast councils the result of implementing the agrarian reform passed by the second Russian Congress of People's Deputies?

[Atlasov] Yes, the development of worker and employee personal plots and of horticultural and gardening partnerships and cooperatives can be looked upon as a component part of the entire restructuring of the republic's agriculture.

[GUDOK] As we know, this restructuring envisages various forms of property, including private.

[Atlasov] At the congress I voted against private ownership of land, which envisages not only ownership and use but also disposal, which means sale. This last has put many on their guard: speculation and enrichment by new rentiers are entirely possible, as the act to exchange large denominations of money confirmed. Isn't any kind of shady character—the possessor of tens or even hundreds of thousands of rubles in cash—a potential landowner? In short, I am in favor of the land being transferred free of charge to kolkhoz farmers and sovkhoz workers and those who have moved to the country from the city for permanent residence to be used indefinitely and with the right of direct inheritance. The final decision, of course, is the people's. A referendum will show how and in what direction the agrarian sector, as well as the country's entire economy, is to develop.

[GUDOK] From meetings and conversations I know that railwaymen, like all Russians, greeted the election of Boris Nikolayevich Yeltsin as chairman of the republic's Supreme Soviet with great hope. Now, in the wake of criticism of the central authorities, reproaches are heard more and more often addressed at the Russian leadership. As a people's deputy of the RSFSR, do you share

responsibility for the policy being followed or do you disagree with it in some way?

[Atlasov] I share responsibility. I supported Russia's declaration of sovereignty and I continue to support it. But two points concern me: on the one hand, union departments persist in keeping absolutely everything under their own wing; and, on the other hand, the obvious impatience of Russia's leaders, the dissension, and the mutual accusations threaten strife within the republic and a further decline of the economy. To what, for example, has the war of laws led? To ungovernability, the destruction of contractual ties, and a rise in prices. Why? The director of a major association openly admitted: "On one side of the table I have union laws, on the other republican. Both are effective simultaneously, but in large part they do not mesh. So I look to see which is more profitable to me personally in a given situation, and that's the one I'm guided by."

We must put an immediate end to this. It's finally time to bring about a delimitation of the authorities of the union and the republics. This is just the time to have a law on local self-government.

[GUDOK] As well as a law on railway transport?

[Atlasov] Certainly.

[GUDOK] What issues do you see as paramount and urgent on the Southeastern?

[Atlasov] I'm not yet prepared today to make a detailed analysis and conclusions. I'll say only that in the forefront I would like to see concern on the part of all commanders and every director for a better share for railwaymen in comparison with the first half of the current five-year plan. The railway has increased the rate of housing construction by a factor of nearly one and a half. To reinforce this success and try to develop it is the direct and true route to retaining personnel and bringing in a new generation. There will be people with a sense of high professional duty, there will be attention paid to them, there will be traffic safety, and ton-kilometers, and all the rest.

[GUDOK] Are you a supporter of strict management?

[Atlasov] No. I prefer even, good-natured relations with subordinates. In people I value competence, initiative, independence, and responsibility. I can't stand—or rather, I'm terribly afraid of—squabbles and grudges. It's better when everything that has boiled up is set out to me openly, eye to eye, or in public. Whatever is more comfortable.

[GUDOK] Viktor Grigoryevich, in conclusion allow me to thank you for our conversation and in the name of

everyone here at GUDOK to congratulate you on your return to the railway. We wish you success in your new job.

[Atlasov] Thank you.

MARITIME AND RIVER FLEETS

Shipbuilding Concern 'Sudopromimpeks' Created for Exports

91UM0467A Moscow PRAVITELSTVENNYY
VESTNIK in Russian No 48, Mar 91 p 2

[Unattributed article under the rubric: "Beginning of the Biography": "A Motor Ship Instead of a Cruiser"]

[Text] The USSR Council of Ministers has approved a USSR Ministry of the Shipbuilding Industry association, enterprise, and organization workers collective proposal on the creation of Sudopromimpeks Concern. More than 30 shipbuilding plants and design bureaus, including the country's largest shipyard—Nikolayevsk Plant "Imeni 61 kommunar" and "Okean," Leningrad "Admiralteyskoye" and "Baltiyskiy zavod" Associations—became part of the concern which will be founded as a joint-stock company. With the participation of the concern and Inter Maritime Management, S.A., a joint company will be created abroad to sell ships and state order has announced their construction program for export deliveries in 1991-1995.

By this decision the Council of Ministers has completed the preparatory period for reorienting shipbuilding enterprises toward production of civilian output under the conversion conditions being conducted in the sector.

We all know that the domestic shipbuilding industry is one of the world's leading shipbuilding industries but, of the 70 million tons of civilian ships built in all countries, its share is currently less than one (!) percent. And demand for vessels is growing at a rapid rate and, according to Western expert assessments, it will amount to \$300 billion during the next 8-10 years.

And so the increase of Soviet ship exports will permit us to eliminate the problem of materials and equipment and insure the solution of social programs. The concern's immediate plans are modernization of shipyards and obtaining up to four billion hard currency rubles from ship sales during 1991-1995.

According to Inter Maritime Management S.A. President Mr. B. Rappoport, the USSR has exceptional advantages which, combined with the experience and capabilities of the company he heads, will permit the Soviet Union to rapidly become the world's leading shipbuilding and ship repair country.

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